



# **INDO-US RELATIONS IN THE CONTEXT OF GLOBALIZATION SINCE 1990**

**ABSTRACT  
THESIS**

SUBMITTED FOR THE AWARD OF THE DEGREE OF

**Doctor of Philosophy**

**IN**

**POLITICAL SCIENCE**

*By*

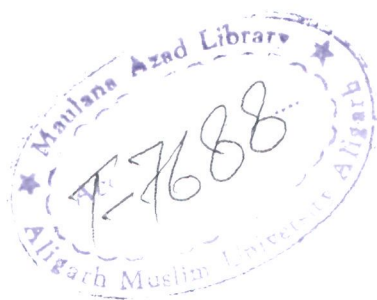
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## **Abstract**

To assess the relationship between the two largest democratic countries of the world, India and America, it is essential not only to assess the relationship in the context of only the present or the recent past, but in the larger perspective of past history and future prospects. It is imperative to bear in mind both the similarities and the dissimilarities in outlooks and in attitudes. One should not be unduly swayed by the passing phases, sometimes the differences are exaggerated. Relations between India and the United States have been uneven – on occasion friendly, sometimes hostile, but more often, just estranged. Given their different historical, social and economic experiences, India and the United States were almost certainly destined to adopt conflicting policies on many issues. Their differences, however, might not have been as jagged in the absence of more profound sources of friction.

When the Cold-War ended in the 1990s, the two largest democracies had the opportunity to start anew, the United States saw India as a big emerging market. It was infact, both India's largest foreign investor and its largest trading partner. In 1991 the United States expanded its military contacts with India. The United States was also eager to bring Russia into the democratic fold. How could it frown upon India's good relations with the new democratizing forces in Russia? With the cold war over, there were a number of developments and forces pushing the United States and India to cooperate. While some diverging interests continued to trouble the India US relationships, one heard more and more references to cooperative engagement, "strategic cooperation". And other promising developments coming out of both Washginton and New Delhi in the 1990s. By early 1998 it appeared that the two largest democracies were indeed starting over and were prepared to construct a new set of closer, more cooperative relations.

Any study that endeavours to explain the intricacies of India's interactions with the United States of America given the numerous ups and downs plugging the relations between the two countries. My study of Indo-US Relations starts

since 1990 which seeks to elucidate the constraints under which India endeavoured to cultivate working relations with the United States. I have drawn a vivid feature of the relations between the two countries at a time that was perhaps not only very conducive for forging a fruitful dialogue with the only super power of the world. I have covered practically all the aspects of India-American Foreign Relations in six chapters and the mutual suspicion of the successive Indian and American Governments regarding their foreign policy aims and objectives and the consequent chill in their relationship prior to 1990.

There is one essential pre-condition – that the end of cold-war should in theory have a positive influence on Indo-US relations. By removing or reducing the significance of the two principal sources of past frictions – US arms to Pakistan and India's close ties with the soviet Union – the altered international environment has offered a new point of departure. Indo-US relations need no longer be hostage to US – Pakistan and Indo-soviet relations. Whether the two countries will take advantage of this opportunity remains uncertain – the history of past estrangement has left its scars. Public opinion, of particular importance in the case of democracies such as India and the United States, poses an obstacle to importance in relations. The same is true for the often negative attitudes among the foreign policy and natural security establishments.

One of the most difficult issues before the two countries in the 1990s is the nuclear question. With both India and Pakistan now acknowledged as nuclear weapon capable countries, the proliferation issue and the related problem of missile capability are certain to remain major bilateral pre-occupations. This development has made conflict – avoidance between the two antagonists a key US regional security interest in South – Asia. The goal is to avoid a crisis that could lead to nuclear war between Indian and Pakistan, and, if possible, to reduce New Delhi and Islamabad to renounce nuclear weapons. The quasi-nuclearization of the sub-continent could, indeed, mark as important a change in south Asia as the end of the cold-war. A Nuclear Pakistan has, in effect, achieved strategic parity with India, something it could never have hoped for with conventional weapons. How effectively and calmly Washington and New Delhi



deal with this difficult and dangerous problem is certain to have a major impact on future - course of the US Indian relationship.

Rao's Finance Minister, Manmohan Singh, immediately embarked on a bold strategy of reforms to address India's economic problems. Since mid 1991, the government has substantially inflation and the fiscal deficit, began privatizing or cutting subsidies to inefficient state – owned industries, made the rupee convertible in International trade, and reduced tariffs and industrial licensing controls in order to attract foreign investment. The United States has been very supportive of India's economic reforms, which have been helped along by international monetary Fund assistance and Producing.

Although the end of the Cold-War freed U.S. India relations from the constraints of a bipolar world, bilateral relations continued for a decade to be affected by the burden of history, most notably the longstanding India-Pakistan regional rivalry. Recent years, however, have brought a sea change in US India relations which was reflected in India's swift offer of full support for the U.S. let war on terrorism following the September 11, 2001, terrorist attack on New York and Washington. The continuing US concern in South-Asia, however, is the prevention of nuclear and ballistic missile proliferation and the reduction of tensions between India and Pakistan. During the 1990s, the United States Security focus in South Asia sought to minimize damage to the non proliferation regime, prevent escalation of an arms and missile race, and promote Indo Pakistani bilateral dialogue. In light of these goals, the Clinton Administration set forward five key “bench marks” for India and Pakistan based on the contents of U.N. Security council Resolution 1172 (June 1998) which condemned the two countries' nuclear tests.

Progress in each of these areas has been limited, and the Bush Administration makes no reference to the bench mark frame work. Neither India nor Pakistan has signed the CTBT, and both appear to be continuing their production of weapons – grade fissile materials. (India has consistently rejected this treaty, as well as the NPT, as discriminatory, calling instead for a global nuclear disarmament regime. Although both India and Pakistan currently

observe self imposed moratoria on nuclear testing, they continue to resist signing the CTBT – a position made more tenable by U.S. senate's rejection of the treaty in 1999), the states of weaponization and deployment is nuclear, though there are indications that this is occurring at a slow, but steady pace. Aside from security concerns, the governments of both countries are faced with the prestige factor attached to their nuclear programmes and the domestic unpopularity of relinquishing what are perceived to be patent symbols of national power. Early optimism in the area of export controls waned and then nearly vanished as it became apparent in later 2003 that Pakistanis were involved in the export of WMD materials and technologies. Some observers have lately called for a new U.S. approach that would provide technical assistance in enhancing the security of any WMD materials in South Asia. Through a series of legislation measures, Congress lifted nuclear related sanctions both on India and Pakistan. Among the concerns voiced by some members of Congress was that there continue to be "Contradictions" in U.S. non proliferation policy towards South Asia, particularly as related to the U.S. Senate's 1999 rejection of the comprehensive Test Ban Treaty and indications that the Defence Department may continue to develop low yield nuclear weapons.

Since early 2002 and continuing to the time of this writing, the United States and India have held numerous joint exercise involving all military branch. Unprecedented advanced air combat exercise took place in June 2003 and provided the U.S. military with its first look at the Russia built Su-30 MKI, among the most capable fighter aircraft in its class (mock air combat over India in February 2004 saw Indians plots in late model Russian built fighters defeat American Plot flying older F. 15 Cs). In September 2003, U.S. and Indian special forces soldiers held a two week joint exercise near the India China border, and the largest ever "Malabar 2003" Joint naval exercises off the Southern Coast of India included an American nuclear submarine in the cooperative cope Thunder Exercises in Alaska. Despite these developments, there remain indications that the perceptions and expectations of top U.S.A and Indian military, leaders are divergent on several key issues, including India's role

in the Persian Gulf and Central Asia, approaches to continuing terrorism, and potential U.S. role in resolving the India Pakistan dispute. Moreover, the existence of a non-proliferation consistency in the United States is seen as a further hindrance to more fully developed military to military relations.

Along with increasingly visible military to military ties, the issue of U.S. arms also to India has taken a higher profile. In February 2002, Congress was notified of the negotiated sale to India of 8 counter battery radar sets (or "Firefinder" radars) valued at more than \$ 100 million (the following September, arrangements were made for the sale of four additional sets). Two of these were delivered in July 2003. In July 2004, Congress was notified of a possible sale to India involving up to \$ 40 million worth of air craft self protection system to be mounted on the Boeing 737, that carry the Indian head of state. The state department authorized Israel to sell to India the jointly developed U.S. Israeli Phalcon Airborne early warning system, a \$ 1.1 billion assets that some analysts believe may tilt the regional power balance in favor of India. India has an extensive list of desired U.S. made weapons, including P 3 Orion maritime patrol aircraft, PAC 3 anti missile systems, and electronic warfare systems. The United States may provide Indian security forces with sophisticated electronic ground sensors that may help stem the tide of militant infiltration in the Kashmir region. Still, some in India consider the United States to be a "fickle" partner that may not always be relied upon to provide the kinds of reciprocity, sensitivity, and high technology transfers sought by New Delhi.

In a controversial turn, the Indian Government has sought to purchase a sophisticated anti missile platform, the arrow weapon system, from Israel. Because the United States took the lead in the system's development, the U.S. Government has veto power over any Israeli export of the Arrow. Although U.S. Defence Department officials are seen to support the sale as consistent with President Bush's policy of cooperating with friendly countries on missile defence, state Department officials are reported to oppose the transfer, believing that it would send the wrong signal to other weapons exporting states at a time when the U.S. interest in maintaining a strategic balance on the sub-continent,

alongwith U.S. obligations under the missile Technology control regime, may preclude any approval of the Arrow Sale.

Joint U.S. India military exercises and arms sales negotiations have caused disquiet in Pakistan, where there is concern that the developments will strengthen India's position through an appearance that Washington is siding with India. Islamabad is concerned that its already disadvantageous conventional military status vis-à-vis New Delhi will be further eroded by India's acquisition of additional modern weapons platforms such as the phalcon and Arrow. Infact, numerous observers have noted what appears to be a Pro-India drift in the U.S. Government's strategic orientation in South Asia. Yet the limited state regularly lauds Pakistan's role as a key ally in the U.S. led counter terrorism coalition and assures Islamabad that it will take no actions that

The fundamental conclusion of the review was that American conclusion of that review was that American policy with India had to be broken from the constraints on one-issue problem – that India was just too important to be viewed solely through the prism of American non proliferation policy. While American non-proliferation policy is important, and should not be neglected, it could not be the end all-be all of US relationship with India. Rather US had in mind what we call a multi-basket approach, in which US should deal with India across a wide range issues. Among these non-proliferation and our concerns about arms control and disarmament would be one, but economics and trade, energy, regional security, global security, the environment, climate change, everything would be on the table and US would deal with each issue without holding any one hostage to progress on others. The US first laid this approach out in New York in late 1997, at a meeting of the United Nations General Assembly where the President met with the their Prime Minister Gujral. The US also had an opportunity to lay it out with Prime Minister Sharif. Almost immediately India had new elections, and US hopes of going to India in 1998 were put on the back burner.

At the same time, Prime Minister Vajpayee embarked upon a process that would take him to Lahore and dialogue with India's neighbour to the west, a dialogue that promised to bring much in terms of regional peace and stability.

The US strongly supported that effort. The US saw in it the kind of brave diplomacy that is needed as the world enters the new millennium. The President sent messages of support privately and messages of congratulation publicly to both Prime Ministers. The US President met with Prime Minister Sharif in Amman, Jordan, just before the visit to Lahore, to encourage him to grasp this opportunity. Unfortunately events intervened again to disrupt this very promising start. Lahore led not to dialogue, but to Kargil and to a war in the Himalayas, a war that ended only when the President met with Prime Minister Sharif at an extra-ordinary summit at Blair house on the fourth of July, 1999. Through a long weekend a negotiations directly with Prime Minister Sharif and on the phone with Prime Minister Vajpayee, the US is able to play some role in helping these countries walk back from a conflict that was very dangerous. Kargil had a silver lining in retrospect. From it emerged the new sense of confidence between Indian leaders and American leaders, particularly between the leaders at the top, the prime Minister and the President, the National Security Advisor Sandy Berger and his Indian Counterpart Brijesh Mishra, Foreign Minister Singh, and Secretary of State Albright and Deputy Secretary of State Talbott.

The global system rewards and penalizes its participants by economic criteria. But, for the Public, these criteria are far too erotic to evoke loyalties and commitments. In a crisis, the population will turn to its political leaders to care the impact of the economic Penalties. This is all the more true because even period of expansion take their toll on parts of the population, so that there exists in most countries and especially in the developing world – a near permanent minority ever waiting in the wings to act out the validity of its sentiments.

To achieve global competitiveness, political leaders in developing countries are obliged to use up Political capital by restructuring their economics, eliminating waste and reducing overhead. This frequently implies massive dislocations and (hopefully temporary) unemployment for the sake of long-range benefits not demonstrable at the moment scarify are being demanded. Such an equation is often anathema to political or economic leaders if the promised benefits will arrive only long after they have themselves left the scene.

The massive changes in the structures and procedures of most of the societies participating in Globalization are strongly encouraged and frequently insisted upon as a condition of assistance – by the United States government as well as by leading international financial and economic institutions. Yet the advocates of the new gospel often seem oblivious to the historical record, which shows that the practices of reform took many decades to evolve in their own countries. Adopting the American model is not primarily a technical challenge; for most developing countries, it implies nothing less than a revolutionary upheaval in familiar patterns. Only a very few nations have ever managed to combine conservative fiscal and monetary policy, government intervention through regulation rather than ownership or control, deregulation of financial institutions, encouragement of flexible labour markets, and a widely accepted and transparent legal framework. The American model presupposes that capital is relatively cheap and labour is relatively expensive, so that competitive success in the end depends on improvements in productivity sustained by constant technological progress. Comparative advantage is achieved by reducing the labour content of most productive processes to the greatest extent possible.

The American experience demonstrates that, when all these factors combine and however difficult the initial stages, early dislocations will be justified by dramatic improvements in the standard of living. But the experience of most other countries has also shown that it is not easy to make the American model work rapidly. Continental Europe is still struggling with major domestic obstacles to the necessary structural reforms (especially in the labour market and agriculture) – though it now seems well launched on the process of adjustment. Ten years after the defeat of communism, Russia, despite all western exhaustions and many billions of dollars in aid, is no closer to a normally functioning market economy than it is to domestic institutions. China's rate of growth is extraordinary, but it has been achieved at the price of giving governmental stability priority over democratic reform. Even in countries with a less inhibiting past – in south-east Asia and Latin America, for example – Globalization has proceeded in fits and starts. During the 1990s the United States, almost alone in the world,

solved the problems of how to create jobs while revolutionizing its industrial technology of course, these phenomena are not entirely novel. Displacement by technology has probably occurred since the invention of the shovel. And migration have\ taken place in every economic revolution. What is unique in our age is the scale of the global impact and the rate of technology change. The challenge of humanizing the process is, therefore, unprecedented.

Free market capitalism remains the most effective and, thus far, the only demonstrated instrument for sustained economics growth and for raising the standard of living. But just as the unrestrained laissez-faire capitalism of the nineteenth century spawned Marxism, so too literal a version of Globalization of the Twenty-first century could generate a worldwide assault on the very concept of free markets. Globalization views the world as one market in which the most efficient and competition will prosper. It accepts – and even welcomes – the fact that the free market will relentlessly shift the efficient from the inefficient, even at the cost of economic and social dislocation.

But the extreme versions of globalism tend to neglect the mismatch between the world's political and economic systems. Unlike economics, politics divides the world into national units. And while political leaders may accept certain degree of suffering for the sake of growth in their economies, they cannot survive as advocates of near permanent austerity, especially if their policies can be presented as imposed from abroad. The temptation to reverse – or at least to buffer–austerity by political means can become overwhelming. Protectionism may prove ineffective or even backfire in the long term, but political leaders frequently necessitates. Even well-established free market democracies do not accept limitless suffering in the name of the market and have taken measures to provide a social safety net and curb market excesses by regulations. The international financial system does not as yet have comparable firebreaks.

The demonstrations against globalization at meetings of the international Monetary Fund and the World Bank in 2000 and at the Seattle meeting of the World Trade Organization in 1999 were early warning signs of the potential Political weight of those who believe themselves at the mercy of forces they feel

powerless to influence. The exaltation of violence and self-indulgence of some of the demonstrators reflects ideological disdain for existing political and economic institutions that is, to a considerable extent, independent of specific grievances.

To successfully contribute in the world economy we need build strategic agreements not just between trading blocks but also between corporation and not just between foreign partners and Indians but also between corporations and not just itself. Therefore, while opening up our economy to the world the Government must clearly lay down the terms and conditions and the sectors in which foreign capital and technology would be welcomed and in what way, what method and procedures they would have to accept and what factors they must have to keep in their mind. More particularly the government policy must assume a new dimension now to ensure a comprehensive and effective appraisal of technological needs and priorities in India's key growth centers and to strengthen and promote investment and technology. Thus, we have to put our own house in order as otherwise in the name of globalization and global competition import of foreign technology is sure to pave the way for colonial exploitation in a new grab.

The proposition that globalization makes states unnecessary are even less credible than that it makes states impotent. If any thing, exact opposite is true, for at least three reasons. First, the ability of a society to take advantage of the opportunities offered by international economic integration depends on the quality of public goods, such as protection of property rights, personal security, a non corrupt civil service and education. Without the legal arrangements, in particularly, the potential web of rewarding contracts is vastly reduced. This may seem a trivial point, but a very large proportion of the world's economies have failed to achieve these essential preconditions of success. Second, the state normally defines the identity of human beings. A sense of belonging is a part of people's sense of security. It is perhaps not surprising that some of the most successfully internationally integrated economies are small, homogeneous countries with a strong sense of collective identity. Third, all forms of international governance rest on the ability of individual states to provide and



guarantee order. The WTO, for example, is not body of self executing rules. On the contrary, they can be exercised only by sovereign states. The bed rock of international order is the territorial state, with a monopoly of coercive power within its jurisdiction. Cyberspace does not fundamentally change this, since economies are ultimately concerned with and run for human beings, who have physical presence and, in consequence, physical location. Since states are territorial jurisdiction, they are the bed rock of global order.

The implication is that, just as globalization does not make states impotent, it does not make them unnecessary either. On the contrary, for people to be successfully in exploiting the opportunities afforded by international integration, they need states, at both ends of their transactions. This is why failed states, disorderly states, weak states and corrupt states are shunned state they are black holes of the global economic system.

In the changed economic environment and deregulation measures, business and government will be working together for projecting India as the nation having capabilities for producing goods at competitive prices. The marketing aspects of a product which has received little attention so far should be accorded more importance in future. There is a need for making the domestic industry contestable. Competition after a long period of control would pose difficulties for the Indian Industry, but the problem could be overcome in due course. The government should pick up the best businessmen and help them to become internationally competitive. Indian management is slow to respond to changes in the world market. Global integration demands enlightened transportation, power and telecommunications policies. A competitive market structure with domestic and foreign competition is the route to globalization. We need to be competitive on all front i.e. prices quality and tight delivery as per schedule. The key to globalization is not how much ground is covered but how well it is covered. Strategic alliances among Indian partners could be a way to secure global orders. We need to take advantage of the market expansion in Asia, EEC, South Africa and Caribbean countries. Industry should sell by applying through consortiums and deliver the goods it promises to deliver. A

search for consumer markets outside the country is essential. Globalization of the Indian economy is a step in the right direction. We should utilize the recessionary situation abroad to establish business links. The free flow of foreign goods is desirable in order to make domestic industry globally competitive.

The neo-liberal thought found favour with donor agencies such as the World Bank and the IMF that were engaged in funding development projects of debt ridden Third World countries. The convergence of thoughts in regard to change reached its zenith in the newly emergent phenomenon of globalization, facilitated by the free flow of funds, goods, and services as dictated by the new conditionalities laid down by the World Bank, WTO and other overseas donors, and by the new IT revolution (Internet, fax, and web – based communication). This is also the moment of emergence of 'good governance' as a novel conceptual rubric a mixture of politics, management, and ethics, Sound development management was at the core of the good governance idea. Its desired attributes such as accountability, transparency, rule of law, and respect of human rights served as yardsticks for governmental reform and performance appraisal.



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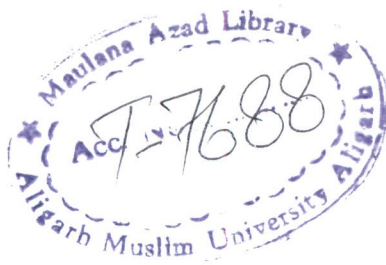
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## *Certificate*

This is to certify that **Mr. Zafar Alam** has completed his thesis entitled “**Indo-US Relations in the Context of Globalisation since 1990**” under my supervision and to the best of my knowledge, it is original contribution to this area.

This is, in my opinion, fit for submission for the award of the Degree of Doctor of Philosophy in Political Science of the Aligarh Muslim University, Aligarh.

*Dr. Iqbalur Rahman*  
**Dr. Iqbalur Rahman**  
(Supervisor)

*Dedicated to my  
Parents*

*Mrs. Nasreen Begum & Mr. Akhlaq Ahmad  
as a mark of respect of their exceptional  
quality of preservance and hard work*

# *Acknowledgement*

*First and foremost I profoundly thanks to Almighty 'ALLAH' who endowed me with dedication and determination in the completion of this work. Verily 'He' is all benevolent.*

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*I am proud of obtaining kind blessing and affections of my parents, brothers, sisters especially my younger sister Ambreen and my wife. I also thanks to my friends especially Habib, Kaleem and Abdul Ghaffar who helped me to proof check my thesis.*

**Zafar Alam**

# Preface

One might have expected the United States to embrace the new and independent India finally freed from its colonial status in the 1940s. It might have been so had it not been for President Eisenhower's embrace of Pakistan in 1954, the US dispatch of a carrier group to the region in 1971, and the debilitating distractions of the Cold War, where the driving force of American Policy was anti-communism. Because of India's emphasis on non-alignment and good relations with the Soviet Union, the United States was suspicious of India and insensitive to its distrust of American motive and power.

When the Cold war ended in the 1990s, the two largest democracies had the opportunity to start anew the United States saw India as a big emerging market. It was infact, both India's largest foreign investor and its largest trading partner. In 1991 the United States expanded its military contacts with India. The United States was also eager to bring Russia into the democratic fold. How could it frown upon India's good relations with the new democratizing forces in Russia? With the cold war over, there were number of developments and forces pushing the United States and India to cooperate. While some diverging interests continued to trouble the India US relationships, one heard more and more references to cooperative engagement, "strategic cooperation". And other promising developments coming out of both Washginton and New Delhi in the 1990s. By early 1998 it appeared that the two largest democracies were indeed starting over and were prepared to construct a new set of closer, more cooperative relations.

In May 1998 this mutual intent secured a major challenge. On May 11 India conducted three subterranean nuclear explosions at the Pokhran test site. On May 13, it conducted two more tests nearby. The Official Indian Statement said that "the tests ... provided a valuable database for the design



of nuclear weapons of different yields for different applications and different delivery systems”.

Any study that endeavours to explain the intricacies of India's interactions with the United States of America given the numerous ups and downs plugging the relations between the two countries. My study of Indo-American Foreign Relations starts since 1990 which seeks to elucidate the constraints under which India endeavoured to cultivate working relations with the United States. I have drawn a vivid feature of the relations between the two countries at a time that was perhaps not only very conducive for forging a fruitful dialogue with the only super power of the world. I have covered practically all the aspects of India-American Foreign Relations in six chapters and the mutual suspicion of the successive Indian and American Governments regarding their foreign policy aims and objectives and the consequent chill in their relationship prior to 1990. To study these aspects of their relations, this study formally has six chapters besides bibliography.

In the preparation of my research work I have largely relied on official documents. Attempt is made to utilize all the existing material on the topic, such as books, articles and newspapers reports and comments.

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# **Chapter - 1**

## **Indo-US Relations – A Historical Background**

As India marks the 63<sup>rd</sup> anniversary of its independence, it would be relevant to undertake an analytical overview of India's relations with one of the world's most important powers and now the most "important power, the United States. In the forward to Ambassador Kux's book St. General Paul G. Cerjan President of the National Defence University of United States; "Since India achieved independence in 1947, Geo-Political relations between India and the United States have never been close and today a member of formidable obstacles hinder progress along the pathway towards closer ties between these two most populous democracies".

It is significant that this assessment of a senior establishment figure of the United States was articulated in 1992 after the cold war ended, after Indo-Soviet equations became non-existent and after India initiated steps to establish closer relations with the western led by the United States. Indo-US relations technically date back to 1792 when George Washington appointed Benjamin Joy as US Consul in Calcutta soon after he became President. One ships over a period of approximately, 150 years upto the early 40s of this century, because nothing of significance characterized Indo-US political relations and secondly because the United States interaction with India being a part of the British Empire. It was Franklin Roosevelt's advent to the Second World War which activated US interests in India.<sup>1</sup>

In the period between the two world wars, India's struggle for independence won the support of American Progressives, but did not gain wide spread public backing. After Mohandas K. Gandhi – familiarly called the Mahatma, Hindi for "Great Spirit"—assured the leadership of the Indian National Congress, the major nationalist organization, his non-violent protest

campaigns against British rule generated considerable Press coverage. The spindly figure wrapped in bedsheetlike garb became a sympathetic – if rather puzzling – figure for Americans. On the negative side, Katharine Mayo's 1927 book, *Mother India* – nationalist political leaders. Reacting against the viceroy's death a heavy blow to India's image. This withering depiction of Indian Society as deprived, squalid, and without redeeming virtues sold a phenomenal 256, 697 copies in 27<sup>th</sup> editions.<sup>2</sup>

## **Roosevelt**

When Franklin D. Roosevelt entered the White House in 1933, New Deal liberals, influenced by the anti – imperialist tradition of the Democratic party, sympathized with India's desire for independence. Neither Roosevelt nor secretary of State Cardell Hull, however, actively engaged US influence in support of the Indian nationalist cause in the 1930s. On the eve of World War II, India remained a country about which the United States had limited knowledge and with which the United States had little political contact. American images of Indian flickered between exotic Hollywood portrayals of the British Raj and the adventure tale of Rudyard Kipling. Bejewelled maharajas and British colonial Sahibs, impoverished beggars and fakirs, massive demonstrations of Indian nationalists and the complex problems of untouchability, caste, and Hindu – Muslim communalism all made for a bewildering *mélange*.

For Indians, the United States was equally unfamiliar terrain, a distant land that seemed vastly different from their own dusty, impoverished sub continent. Few people of Indian origin lived in the United States – as late as 1940, the census counted only 2,400 – mostly Sikh farmers who had immigrated to California from the Punjab in northwest India at turn of the century.<sup>3</sup>

Educated Indians tended to look at the United States through the often critical British lens, as a country dominated by materialism and crime. Racial discrimination against non whites, especially segregation in the US South, added to the unflattering picture. Indians, like others Asians, deeply resented US laws barring them from immigrant status and citizenship. Well publicized incidents further tarnished the American image. Rabindra nath Tagore, for example, cut short a lecture tour in 1929 when the Nobel Prize winner felt insulted by a US immigration officials.<sup>4</sup>

Pandit Jawaharlal Nehru, who in the late 1920s became one of Gandhi's Principal Lieutenants and foreign policy spokesman for the Indian National Congress<sup>5</sup>, initially found the United States not only racist, but imperialist. In 1927, the Indian leader joined the criticizing US foreign policy toward Latin American at the Brussels International Congress against colonial oppression and Imperialism. A year later Nehru wrote, "It is the United States which offers us the best field for study of economic imperialism."<sup>6</sup>

Between Indian nationalists and Americans, the priorities ultimately differed for Indian Congress Party leader, even for those like Nehru who were emotionally supportive of the Allied cause, the top priority remained that of ending British rule and gaining India's independence. For Roosevelt, winning the war was the top order of business. Everything else came seemed including independence for India if – as was the case – this would risk a serious rupture with his British allies. Because Indians and Americans expected – and thought they deserve – each other's support, the course of events during the war sharpened the mutual disappointment. This first extended interaction between United States and India the foreshadowed that would follow during the next five decades.<sup>7</sup>

## Truman

The Truman era in the Indo-US relations was characterized by generally correct relations without any intensifies in interaction or cooperation. Indo US relations acquired both complexities and economic content during the Eisenhower federal. Personal relations between Eisenhower and Nehru were better than those which Nehru had with Truman. This positive chemistry was neutralized by John Foster Dulles's supercilious righteousness summed-up in his foreign policy doctrine. "Those who are not with us are against us". Indo US trade and economic relations expanded during the period 1953 to 1960. Significantly, Indo US Technological cooperation commenced during this period, specially in the high technology sectors like heavy industry and nuclear power.<sup>8</sup>

From New Delhi, American diplomats began to report signs of dissatisfaction about post war US Policy towards Asia. After President Truman reaffirmed US support for self determination for all peoples. Pandit Nehru welcomed the statement, but added his hope that it represented "something more than an expression of vague goodwill." Although everywhere in Asia and Africa people looked up to America, Nehru commented critically, there has been some disillusionment in India in regard to American championing independence for freedom."<sup>9</sup>

Commissioner George Merrell, who succeeded Philips as head of the New Delhi office, kept Washington informed regarding on going Indian criticism of the US failure to Press British, French and Dutch allies for decolonization of their remaining holdings in Asia.<sup>10</sup>

When the Philippines formally gained their independence, Pandit Nehru sent a barbed message of Congratulations. "Some countries that are called independent are far from free and are under the economic or military

domination of some great power. "Nehru Cabled." We hope that is not so with the Filipinos.<sup>11</sup>

By the end of the Truman years, Indo-US relations had fallen into the pattern of chronic that had so perplexed observers over the years. Although there were positive aspects, especially with Bowles as ambassador, a sense of estrangement was only too evident.

Underlying the estrangement was a sense of mutual disappointment led by unrealized expectations. Democratic and secular India expected the support of the US on issues like Kashmir. The US as of the democratic world expected that free and democratic India would back the general thrust of US policy in dealing with the Soviet Threat. Washington did not welcome India's effort to follow a path, western democratic and communist totalitarian camps, especially after the US began to shed its blood in the war in Korea. And thus, it was that Indo-US relations got off a rocky start in the early years of independence.<sup>12</sup>

Dwight David Eisenhower became President on January 20, 1953. The incoming Republicans favoured a more conservative approach to the national problems, they wanted government at home and a tougher policy towards communist adversaries abroad. Above all, Eisenhower pledged an early end to the Korean war, increasingly unpopular as the conflict dragged on into its third year.

This emphasize that incoming Secretary of State John Foster Dulles placed on collective Security arrangements worried the Indian leader, concerned, let us, sponsored military pacts embrace India's Principal antagonist and neighbour Pakistan. The new Republican administration also appeared more rapid than the democrats about economic assistance to the developing countries, a subject of growing interest to India as food production to lag.<sup>13</sup>



Relations with south Asia did not rank high on Eisenhower foreign policy agenda. Prime Minister Nehru was, nonetheless, uneasy, "The new administration in the USA has not yet come out clearly with its new policy", he wrote his Chief Minister. "All that we know is that it has a certain bent of mind which does not take us towards peace".<sup>14</sup>

### *Hindi - Chini Bhai Bhai*

As if to compensate further for the diplomatic defeat India suffered when Pakistan gained US military assistance, Nehru worked hard through 1954 and 1955 to buttress Indian foreign policy, pressing for a settlement in troubled French Indo-China playing the leading role in the first Afro-Asian summit at Bandung and improving relations with communist china. In a 'Non-alignment' to describe India's policy<sup>15</sup>.

In October 1954, Nehru travelled to china where the communist leaders arranged for a wildly enthusiastic reception. In the bilateral talks that took place Nehru raised a question of concern to the Government of India. Chinese maps showing parts of the laddakh region in northern Kashmir and claimed as its territory as Chinese.

Chou En-Lai's response that there were old maps, which the people's Republic had yet to revise, satisfied the Prime Minister. Unfortunately, Nehru could not take up Chou's suggestion for a joint communiqué at the end of the stay. They might have dealt publicly with the map question, sparing much grief when India and China later fell out over their differing border claim.<sup>16</sup>

On his way back to India Nehru visited the four Indo-China states North Vietnamese leader Ho-Chi Min made an excellent impression, "South Vietnam produced a completely opposite effect," Nehru stated.<sup>17</sup>

## Eisenhower II

Dramatic overseas events – the simultaneous Suez and Hungary crisis almost pushed the President election off the Front Page. In the case of Suez, Nehru reacted rapidly, angrily condemning the anglo – French – Israeli attack on Egypt on a flagrant violation of the UN charter.

“I can not imagine a worst case of aggression, Nehru cabled Dulles, the whole future of the relations between Europe and Asia hangs in the balance.”

Eisenhower’s insistence that the British, French and Israelis withdraw impressed Nehru. He had not expected the US to take such a firm stand against its allies in favour of Nasser, a neutralist with whom Washington had poor relation.<sup>18</sup>

### *US – Indian Relations: “Increasingly CORDIAL”*

In 1956, the NSC’s operations coordinating Board (OCB) charged with monitoring implementation of US Policy around the world, reported gloomily that there had been little if any improvement in Indo-US relations.<sup>19</sup>

Despite Ambassador Cooper’s having established friendly relations with Prime Minister Nehru and somewhat better atmospherics, the OCB concluded that basic policy differences remained unresolved.<sup>20</sup>

Four years later, as Eisenhower presidency was drawing to a close, the OCB assessment sounded much more positive notes. Indo-US relations were “increasingly cordial.” The President had enjoyed an extraordinary successful visit to New Delhi. Large-scale American aid to India had become an important positive factor in relations. Growing troubles between India and its erstwhile friend communist china added a new element to bilateral ties. Indo-

Pakistan relations, if not friendly, were at least improved as a result of the settlement of the Indus waters dispute.<sup>21</sup>

On the Indian side, there was also satisfaction about the trend in relations, even if US arms for Pakistan remained a problem. US economic aid was forthcoming in increasing amounts. As troubled brewed with china, the implicit support of the United States was a confronting factor. India's non-alignment no longer seemed an anathema to the United States – Nehru could tell his Chief Minister after the 1959 talks with Eisenhower, “He appreciated and understood our desire to keep out of military alliances; indeed he would not have it otherwise”.<sup>22</sup>

## **Kennedy**

The 1960 presidential election race Between vice president Richard M. Nixon and Senator John F. Kennedy, one of the closest in American history, was watched closely around the globe, but especially in India and Pakistan.

Pakistan Saw Nixon as good friend. India regarded the vice president, unlike President Eisenhower, as an unrepentant cold warrior and a foe of Indian non-alignment. Kennedy caused uneasiness in Pakistan and stirred hopes in India. As a senator, he cosponsored the 1958 senate resolution calling for increased economic aid for India and criticized the Republican Policy of relying on military pacts to meet the communist threat in the third world. Kennedy appeared considerably more sympathetic than Nixon to the aspiration of developing nations and less antagonistic towards non-alignment. The fact that Kennedy's foreign policy advisor during the 1960 election campaign was non- other than former Ambassador chester Bowles was another big plus in India and minus in Pakistan.

Kennedy's Policy toward south Asia marked a continuation of the shift in emphasis toward India already begun in Eisenhower's second term. While the approach may have been similar, the contrast in operating styles between

the two administrations was striking with the “New Frontier” emphasis on youth and action, Kennedy promptly disbanded the elaborate NSC Machinery used by Eisenhower. Kennedy’s NSC, herded by Harvard academic McGeorge Bundy, was a much smaller, informal, and collegial body. Unlike Eisenhower, Kennedy became personally engaged in the details of issues that interested him, such as India and Pakistan. According to Talbot and his deputy James P. Grant, the President frequently called them directly to discuss current problems, by passing the formal organizational structure. NSC staffers like Robert Komer, speaking for the President, played an active and energetic role along with state, Defence, AID, and CIA representatives in shaping and implementing South Asia Policy.<sup>23</sup>

NCS staffer Robert Komer said he was skeptical about the chances for success but was convinced by Talbot to go along with the Kashmir efforts.<sup>24</sup>

Neither India nor Pakistan, in fact, showed any real enthusiasm about the Kashmir talks, with pressure from Washington and London the only reason for their agreeing to participate. After departing from South Asia, Dean Rusk penned a gloomy assessment about the prospects for any early settlement.<sup>25</sup> Ted Sorenson quoted President Kennedy as saying, all too accurately that India and Pakistan regarded the Kashmir dispute as “More important than the struggle against the communists.”<sup>26</sup> Reconciliation between the foes was not in the cards.

## **Johnson**

Although Lyndon Johnson broadly supported the bipartisan Policy of containment of communism and assistance to the power making of the world, he was skeptical about the favoured position Kennedy gave to India in US South Asia Policy, President Ayub Khan of Pakistan greatly impressed Johnson during his visit to Karachi in May 1961.

On the same visit he was less taken with Jawaharlal Nehru. After meeting President Johnson moved somewhat closer to Kennedy position, NSC staffer komer, who strongly suffered patting the major emphasis on India not on Pakistan, said the most Panasonic argument with Johnson related to the relative population of the two countries – the President agreed, it made more sense for the US to line-up with India, a country so populous rather than to chose its enemy Pakistan.<sup>27</sup>

Johnson first meeting as President with a senior Indian came in April 1964, when he received Prime Minister Nehru's daughter, Indira Gandhi, who was traveling in the United States. She gave the President a letter from her ailing father, in which Nehru praised Johnson's efforts for a nuclear accord with the Russians, assured the President India would persist in seeking better understanding with Pakistan, and expressed appreciation for the US economic and military assistance.<sup>28</sup>

In their discussion, Johnson took friendly exception to remarks by Mrs. Gandhi to the New York Times that the United States favoured Pakistan on the Kashmir issue. With a smile, the President said "the Indian should realised that Pakistan ..... were for more unhappy about our policy towards India than India seemed to about our policy towards Pakistan."<sup>29</sup>

During the meeting with Indira Gandhi, Johnson did not discuss military assistance, the most important item then on the Indo-US agenda.

Americans were also disenchanted. India seemed to be going nowhere economically – unable to feed itself India was hardly the model of democratic development – Washington hoped other third world countries would emulate as a rival to china. Official Washington was asking what the point was pouring hundred of millions of dollars into a country that had performed poorly and remained at odds with much of the US foreign policy?

Was it worthwhile to continue to pay so much attention to south Asia, especially at a time when 500,000 American troops were fighting to save South Vietnam from a communist takeover? All the US had to show for more a decade of trying to promote peace between India and Pakistan was the 1965 war. The two countries had made graphically clear that they were far more worried about each other than any external threat.

As the clock ran down in the Johnson administration, a sense of exhaustion with south Asia and its seemingly inseparable problems had taken hold even among liberal democrats favourably inclined towards India.

The glum mood of 1969 about India, John F. Kennedy became President. In the intervening eight years, because of the Vietnam war, and the revised appraisal of the subcontinent's relevance to US interest, New Delhi no longer seen as having major strategic importance. India, in Washington's eyes, had become just a big country full of poor people.<sup>30</sup>

## **Nixon**

When Richard Nixon replaced Lyndon Johnson in the white house, in January 1969, his main policy concern lay on widening down the unpopular war in Vietnam. He was content to continue the disengaged approach towards South Asia which Johnson began after the 1965 Indo-Pakistan war<sup>31</sup>. As Henry Kissinger wrote in his memoirs when the Nixon administration took office, our policy objective on the subcontinent was, quite simply, to avoid another complication to our agenda.<sup>32</sup>

Nixon took office usually experienced in foreign affairs after his eight years as vice President under Eisenhower. He continued to pursue this interest as a private citizen in the 1960s, his travels taking him to south Asia in 1964 and again in 1967. On both occasions, the Indians received him with the minimum of appropriate protocol, the Pakistanis lionized the former vice President.

This treatment presumably did nothing to lessen Nixon's preference for Pakistan, the erstwhile ally of the United States, and his dislike for India and its policy of non-alignment – "Nixon, to put it mildly," Kissinger Stated, "was less susceptible to Indian claims of moral leadership than some of his predecessors; indeed, he viewed what he considered their alleged obsequiousness towards India as a Prime example of liberal soft – headedness." <sup>34</sup>

### *The Bangladesh Crisis*

In November, the tempo of military action increased the Bangladesh "Freedom fighters" were becoming more aggressive on their cross-border forays, receiving artillery support from the Indian military. Late in the month, Mrs. Gandhi authorized Indian forces to enter East Pakistan to "Pursue" the Pakistan forces. Tensions mounted. An all out Indian military assault against the East seemed imminent.

Although there is dispute whether or not India fixed a Day to invade East Pakistan, if Yahya resolved the problem for New Delhi.<sup>35</sup> On the night of 3<sup>rd</sup> December, Pakistan attacked eight Indian airfields in the western part of the country and the next day declared war on India.<sup>36</sup> the Indian countered, attacking in the east and mounting probing operations in the west to pin down Pakistan forces. On 6 December, Indian recognized the Awami League government – in – exile as the government of Bangladesh.

As badly outnumbered Pakistani forces retreated from the borders towards Dacca, the war in the east was for all intents over within a week. It was only a question of how long the Pakistanis would hold out. On 16 December, the Pakistanis ended the struggle, with some 93,000 soldiers surrendered - when a week earlier, they discussed giving up, Yahya urged the troops in the east to fight on, apparently hoping for intervention from the United States and China.

The US role during the crisis is reasonably clear, the rationale for the Nixon – Kissinger policy has remained less clear. Part of the difficulty has been that the President and Kissinger perceived the crisis almost entirely in terms of its global implications, as they interpreted there and the US government's south Asia hands and most other observers considered the crisis as a regional affairs with limited broader implications. For Nixon and Kissinger, the tilt was not just a means of expressing appreciation to the Pakistanis for their help in the opening to China, but for more important, trying to impress the Chinese by the US handling of the crisis. Then NSC south Asia staffer Harold saunders recalled Kissinger saying on several occasions :

We are opening a relationship with China based on the proposition that we are both concerned about soviet intentions. While we are in the process of opening up over dialogue with China, we face a crisis in South Asia for Pakistan, our traditional ally. China will be looking to see how we treat that ally if the United States stands by and sees an ally dismembered what will the Chinese think about our reliability? <sup>37</sup>

After the Bangladesh crisis the relations with United States went under a low – ebb, the Shimla accord, nonetheless, led to a change in the US stance towards the Kashmir dispute. Previously, the United States stood behind relevant UN resolutions, including the call for a plebiscite. After 1972, Washington shifted ground, the US position since Simla has been to support any settlement the Indians and Pakistan were able to work out.



## *India Becomes the World's Sixth Nuclear Power*

On 18 May 1974, just three months before Watergate drove Richard Nixon from office, the Indian Atomic Energy Commission exploded an underground nuclear device at Pokhran in the deserts of Rajasthan, several hundred miles west of New Delhi. The explosion made India the world's sixth nuclear power.

India's going nuclear badly damaged its standing in the United States among its tradition liberal supporters. Although not happy about the test, Republicans like Kissinger, in effect, shrugged their shoulders. They did not believe trying to punish the Indian would do much good. In contrast, liberal democrats, many of whom bitterly criticized Nixon's handling of the Bangladesh crisis, turned their wrath on New Delhi for breathing the nuclear barrier.

The action in mid 1974 to absorb the tiny protectorate of Sikkim was married to a former US citizen Hope Cooke meant the Indian action received considerably more publicity than would otherwise have been the case.<sup>38</sup>

## **Gerald Ford**

The new president had limited experience in dealing with South Asia. As in most foreign policy matters, he took his lead from secretary of State Kissinger.

In October 1974, Kissinger, nonetheless, took a personal step to repair the danger with India, spending three days in New Delhi. His trip signaled Washington's interest in patching things in an organized manner.

Kissinger appeared upbeat on arrival and throughout the stay in New Delhi. At a 28<sup>th</sup> October official dinner, he spoke of past misunderstandings as

removed and of a “better, more realistic relationship” between the two countries in the future.<sup>39</sup>

The next day, the secretary delivered a major policy statement in a speech to the Indian council of World Affairs. Kissinger underscored US hopes for a “mature” relationship, stirred US acceptance of India as the preeminent power in the region, and indicated Washington had no quarrel with India’s policy of non-alignment.

“The United States recognizes India a one of the major powers of the world and conducts its policy accordingly,” Kissinger declared.<sup>40</sup>

There were all words the Indians had long hoped to hear from the United States, especially from someone like Henry Kissinger, regarded by New Delhi as antagonistic.

At the same time Kissinger attended to sensitivities over US aid, commenting, “Our relationship can not be based on dependence of one on the other.” The secretary added, “Nor can our relationship survive constant criticism of one by the other,” a reference to India’s habit of sniping at US policies and Mrs. Gandhi’s Periodic allegations of US interference in India’s internal affairs. In a Press conference on 30<sup>th</sup> October, Kissinger flatly denied that the CIA was interfering in Indian affairs. He stated, “the United States is not engaged, directly or indirectly, in any attempt to influence the democratic situation in India.”<sup>41</sup>

The bilateral relationship sustained graves damage during the 1970, first from the US policy during the Bangladesh crisis and later from Indian action – the 1974 nuclear test and then 1975 proclamation of the emergency. Psychologically, the US approach during 1971 – especially the Enterprise episode – etched an image of US hostility into the Indian historical memory. Nixon’s termination of the economic assistance programme, previously a positive offset to political frictions, removed another important element of the

bilateral relationship. Even though the aid links brought their own problems, US help was a tangible sign of American interest in supporting the economic development of the world's largest democracy.<sup>42</sup>

Even more so, India could not ignore Washington. US South Asia Policies, especially ties with Pakistan and China, could directly affect Indian Security. Through the strong US voice in International financial institutions, the Americans also influenced multilateral aid flows, of growing importance as a source of external finance for Indian development. As much as US policy during 1971 offended New Delhi, it was not in India's national interest to make hostility with Washington a permanent foreign policy feature. Despite Indira Gandhi's chronic sniping at Washington, she was wary of India's becoming so closely linked to the Soviet Union that non-alignment would become a fiction. A firm nationalist, the Prime Minister wanted to maintain her country's freedom of maneuver in the international arena. To realize this goal, India needed at least the resemblance of a working relationship with the United States.<sup>43</sup>

## **Jimmy Carter**

As Jimmy Carter led the democrats back to the White House, the prospects for Indo-US relations were mixed. If Ford and Kissinger were willing to look the other way about dictatorship in India on the ground that internal political arrangements of Foreign Countries were not a concern of the United States, Carter felt differently. The new President pledged to make respect for human rights a cardinal principle of US foreign policy. Carter's thinking was not far from that of liberal congressman Donald Fraser (D-Minnesota), who declared in hearings just after the inauguration, that the United States ought to avoid "endorsing implicitly or otherwise India's suspension of civil rights."<sup>44</sup> The new President's emphasis on human rights threatened to collide head on with the Emergency.

In Washington, there was a quick and enthusiastic reaction to the Indian elections. Jody Powell, white House Press spokesman, called their "Something that should be an inspiration." The state Department sounded equally upbeat, "This naturally is very good news that the world's second largest country has once again carried out a free and fair election." <sup>45</sup> With former Vice President Hubert Humphrey, again a senator from Minnesota, taking the lead, the US congress repealed the law adapted after the 1974 nuclear test requiring the United States to Vote against all world Bank loans to India. <sup>46</sup>

### *Carter's Visit to India*

In the fall of 1977 preparations were under way for Jimmy Carter to visit India. As Ambassador Goheen put it, the trip would help show "the assistants of the past have been removed, and now the groundwork for better relations, better mutual respect and trust is there."<sup>47</sup> In keeping with the new approach to South Asia, and unlike Eisenhower and Nixon, the two previous Presidential travellers to the subcontinent, Carter did not couple his trip to India with a stop in Pakistan.

Just a week before the elections, on 27 December 1979, the world was stunned and the superpower relationship shaken when the soviet Indian intervened militarily in Afghanistan to oust President Amin and install the more reliable Babrak Kamal regime. As a shocked President Jimmy carter reversed course, the cold war again became the order of the day. Disarmament talks collapsed. The President tried to prevent further erosion of the west's strategic position through stepped-up defense spending. Washington sought to punish the soviets through measures like boycotting the 1980 Moscow Olympics and embargoing grain exports.

In New Delhi, the Ministry of External Affairs decided to clear the statement India would make on Afghanistan with the incoming Prime

Minister. Besieged by the Preparations for taking office, Mrs. Gandhi turned the task over to T.N. Kaul, long known for his pro-soviet views, and G. Parthasarathy, another veteran foreign policy advisor, Ministry officials tried to soften the languages but were able only to gain acceptance for a few changes.<sup>48</sup> Delivered in New York by Indian UN Representative Mishra on 11 January, the statement white washed the soviet action :

We are against the presence of foreign troops and bases in any country. However, the soviet government has assured our government that its troops went to Afghanistan first at the request of the Afghan Government on December 28, 1979 and we have been further assured that soviet troops will be withdraw when requested to do so by the Afghan Government. We have no reason to doubt assurance, particularly from a friendly country like Soviet Union with whom we have may close ties.<sup>49</sup>

By chance, Ambassador Goheen met with President Jimmy Carter the afternoon Mishra spoke in the UN General Assembly on Learning of the Indian statement, Carter was livid.<sup>50</sup> Goheen calmed him down saying, “we don’t really know the circumstances. Let me go back to New Delhi and report before we do anything about this.”<sup>51</sup>

Unlike the mid 1950s when some one in Washington questioned the wisdom of providing US arms to Pakistan, Indian expression of concern in 1980 found few sympathetic American ears. Given the soviet invasion of Afghanistan, Carter administration officials listened to the Indians, but paid little attention to their complaints about US help for Pakistan.<sup>52</sup>

## Ronald Reagan

On 20<sup>th</sup> January 1981, Ronald Reagan took the oath of office as President of the United States. Within an hour, Iran set free the American Embassy hostages it had held for over a year, relieving Reagan from having to deal with the Problem that consumed Jimmy Carter's final year in the White House. The new administration could devote full energy to its primary foreign and national security Policy goal: rebuilding US military Power so that the United States could counter the spread of soviet influence in various parts of the world – in central America, in the horn of Africa, in Angola, in South Asia and in Afghanistan.

Mrs. Gandhi for a number of reasons wanted to narrow, not widen, the gap between New Delhi and Washington. Indira did not want India to loose its freedom of maneuver or to become a soviet sattelite or surrogate. Achieving this goal required greater distance between New Delhi and Moscow and a better relationship with the United States. Although she discouraged Morarji Desai's attempt to bring greater balance in India's non-alignment between the two superpowers, Mrs. Gandhi pursued a similar goal after settling back into office in 1980.<sup>53</sup>

Realizing the limits of soviet technology, the Indians hoped for greater access to the more advanced technologies of the west, especially the United States, not only in the defence sector but across the economic spectrum. Better ties might also, the Indians hoped, influence Washington to continue a positive attitude towards India in International financial institutions and to take greater account of India's views in US dealing with Pakistan.<sup>54</sup>

The Prime Minister arrived in Washington on 30<sup>th</sup> July. To greet her at Andrews Air Force base was George Shultz, the new secretary of state, who *had just replaced Alexander Haig after the latter's stormy resignation.* Landing a bit later by helicopter on the white House lawn, Mrs. Gandhi was

welcomed by a smiling and relaxed Ronald Reagan, a marked contrast with Richard Nixon's tense reception eleven years before. Reagan spoke of his hope "To broaden and deepen the dialogue we began last autumn at Cancun" and of "renewed recognition of the mutual importance of strong, constructive ties between India and the United States."<sup>55</sup> replying Prime Minister Gandhi described her journey as "an adventure in search of better understanding and for friendship to find a common area, however small, on which to build and enhance cooperation."<sup>56</sup>

Gradually that view changed. After Mrs. Gandhi was all smiles during her 1982 visit Washington perked up. When Rajiv Gandhi succeeded his mother, the United States saw new opportunities with India. Washington eased barriers to technology transfer and approved some advanced technology cooperation with India's defence industry. Although the bilateral rhetoric became more positive, adding substance to the better atmosphere was not easy. Basic policy differences continued and legacy of mutual distrust remained. Despite skepticism about how far the improvement in relations could carry, however, neither capital gave up the effort. During Reagan's eight years in office high – level dialogue greatly increased. The Vice President, secretary of State, two secretaries of Defence, and three other cabinet members visited India.<sup>57</sup> Indira and Rajiv paid Reagan three visits to Washington. Mutual understanding increased at the top levels of government.

By 1988, both India and United States seemed more realistic about what they could not expect from each other. Even though the bilateral framework remained fragile and progress towards substantive cooperation was uneven, there were smiles not frowns in New Delhi when Vice-President George Bush, a friend of Prime Minister Rajiv Gandhi, defeated the Democrats in the November 1988 elections.

## **George Bush**

President George Bush was familiar with the issues in South Asia from his eight years as Vice President, as well as from his earlier service at the United Nations, and his tenure as Director of CIA. Most others in his administration, however, had limited previous exposure to India and the subcontinent. Although Washington had at first no need to undertake initiatives in South Asia, the dramatic shifts in Soviet Policy greatly affected the US stance towards the region.

A year later, in October 1990, in the middle of the Persian Gulf crisis, although not directly relate to it, the shoe finally fell. With the soviet military departed from Afghanistan and mounting information regarding the scope of Pakistan's nuclear Program, the administration concluded it could no longer defer taking action the President decided he would not certify that Pakistan did not possess a nuclear weapon, and as a consequence in keeping with Pressler amendment slopped US military and economic assistance. Press reports attributed the decision to Islamabad's refusing to roll back its uranium enrichment program, a key element in its covert effort to develop a weapons capability.<sup>58</sup>

As the Bush administration got under way, Rajiv Gandhi was preparing to face the Indian electorate with his five-year term as Prime Minister nearing its end. His overall record was mixed considerable economic progress, much less in dealing with India's domestic difficulties. The central government's heavy – handed management of Sikh separatist unrest failed to calm the Punjab where terrorist intimidation rather than law and order became the norm. as if the crisis in the Punjab and unrest in Assam in eastern India were not sufficient trouble, Rajiv began to full major turbulence in Kashmir.

As the *General election* held in December 1989, congress got 195 seat which lacked sufficient allies to form a new government, the National front



which came through with 145 seats formed a minority government headed by V.P. Singh, with support from BJP on the right and communist on the left. Rajiv became the leader of the opposition in Parliament. Like the Janata in 1977, the National Front and its allies agreed on opposing the congress but a little else, as well as policy contradictions with the BJP and the communist supporters, suggested V.P. Singh was going to have a difficult time staying in power.

### *The Super 301 dispute: a new Source of friction*

In June 1989, when Bush White House issued the first 301 watch list, Japan, India, and Brazil were cited as trade offenders with three complaints about India. The first concerned India's policy towards foreign investment, which in the US view effectively excluded foreign companies by limiting their equity participation to 40 percent. Although the Indians vehemently denied the accusation, the extremely small size of foreign investment lent credibility to the charge. In 1989, over all investment from abroad was \$200 million, that of the United States only \$37 million – a minuscule amount for an economy as large as India's.<sup>59</sup>

When Chandra Shekhar replaced V.P. Singh his government maintained India's support for UN actions against Iraq and agreed to continued US refueling even after diplomatic efforts to resolve the crisis failed and the bombing of Iraq began. Chandra Shekhar's basically supportive stance drew increasing criticism from his main bulwark, Rajiv's Congress party, which thought by taking a different tack it could bolster prospects for new elections anticipated in 1991. Rajiv felt restless about India's being on the sidelines, playing no role in the Persian Gulf crisis.

Rajiv felt restless about Indian's being on the sidelines, playing no role in the Persian Gulf crisis, and calculated that his party would gain at the ballot box by playing to a combination of non-alignment, Indian nationalism (i.e.

opposing superpower domination), and Indian Muslim support for Iraq. Like coreligionists elsewhere in Asia, some Muslims in India sympathized with Baghdad, especially after the air attacks against Iraq began in January 1991.<sup>60</sup>

### *1991 General Elections – Assassination of Rajiv Gandhi*

Indian's tenth General election since independence and the second in two years, focused entirely on domestic issues. Although both V.P. Singh and Chandra Shekhar as Prime Ministers India's intention to renew the Indo – Soviet Treaty. The relations with Moscow in either economic or security terms was of increasingly questionable relevance. New Delhi was much at sea in adjusting to the new realities in the wake of the collapse of the familiar soviet counter weight. Regionally India remained the dominant power, but relations with Pakistan continued to be tense and nerves prayed over the belief that Islamabad was fanning the flames of unrest in Punjab and Kashmir.<sup>61</sup>

A half century of diplomatic relation between the US and India concluded in the summer of 1991, the end point of the history. In New Delhi, there was a desire for better relations with the US after the end of cold war the Indian authorities seemed, however, ensure how to go about this and more broadly how to define India's foreign policy after the collapse of the Soviet Union. In the US there was a similar lack of clarity about US policy towards South Asia and towards India. Washington seemed unsure how it wanted to relate to India in the changed global environment and where India fit into President Bush's *New World Order*. Bilateral ties between Washington and New Delhi were thus superficially friendly, but a considerable uncertain by just below the surface.

## **An Overview**

Despite the lifting of cold-war constraints, in many policy spheres India remains shackled to the past. Rivalries with neighbours, separatist tendencies, and sectarian tensions continue to divert attention and resources from basic needs of economic and social development. Moreover, fallout from their unresolved problems – particularly nuclear arms proliferation and human rights issues --- presents serious irritants in US-Indian relations.

Three wars and a constant state of military preparedness on both sides of the border have marked the half-century of bitter rivalry between India and Pakistan. The acrimonious nature of the partition of British India in 1947 and the continuing dispute over Kashmir have been major sources of tension, leading both countries to devote comparatively large resources to building defense establishments that include a nuclear weapons capability as well as programmes for developing ballistic missile delivery systems. The Kashmir problem is rooted in claims by both countries to the former princely state, divided by a military line of control, since 1948, into the Indian state of Jammu and Kashmir and Pakistan – controlled Azad (Free) Kashmir. India blames Pakistan for supporting a separatist movement raging in the Muslim-dominated Kashmir valley since 1990. Pakistan admits only to lending moral and political support to the rebellion, while accusing of India of creating dissension in Pakistan's Sindh province.

Adding to India's bitterness towards Pakistan is the latter's historically close ties with China. India and China fought a short border war in 1962, and China since then has occupied territory claimed by India. Although sino-Indian relations have greatly improved in recent years, the two countries have yet to reach a boundary agreement. Moreover, India remains suspicious about China's nuclear weapons capability as well as its long-time support for Pakistan. During a visit by Rao to China in September 1993, however, the Indian Prime Minister and Chinese Premier Li Peng signed an agreement to

reduce troops and maintain peace along the line of actual control (LAC) that divided their forces. Agreements on trade, environmental, and cultural cooperation were also signed. In December 1995, after eight rounds of talks by an India-China joint working group, both sides pulled back troops from four points along the eastern sector of the border. A visit by Chinese President Jiang Zemin to India in late November 1996 concluded with an agreement by India and China not to attack each other across their disputed border and to negotiate a partial withdrawal of troops from the border. Despite expanding border trade and continuing meetings of the working groups, by early 1998 little progress was apparent on boundary demarcation.

Whatever policy conclusions Washington and New Delhi ultimately draw, here the lesson of the past are transparently clear. The United States needs to respect India's security sensitivities and to avoid actions, in particular a renewal of a major arms relationship with Pakistan, that New Delhi finds threatening to its vital interests. India's apprehensions about a military threat from Pakistan – a country with one-eighth India's population and a greatly inferior military capability – may be irrational and illogical; they are, nonetheless, real for Indians.

For Washington, the most logical policy would be to continue along the trail begun in the late 1970s and resumed in the mid-1980s: to treat India as a significant Asian power with which the United States should seek friendly relations, including expanded security cooperation. India and the United States now have a shared interest in stability in the Indian Ocean region and a viable balance of power in Asia. India is large enough, and economically and militarily of sufficient importance, that the Indo-US relationship could have strategic importance in its own right.

There is one essential pre-condition – that the end of cold-war should in theory have a positive influence on Indo-US relations. By removing or reducing the significance of the two principal sources of past frictions – US

arms to Pakistan and India's close ties with the soviet Union – the altered international environment has offered a new point of departure. Indo-US relations need no longer be hostage to US – Pakistan and Indo-soviet relations. Whether the two countries will take advantage of this opportunity remains uncertain – the history of past estrangement has left its scars. Public opinion, of particular importance in the case of democracies such as India and the United States, poses an obstacle to importance in relations. The same is true for the often negative attitudes among the foreign policy and natural security establishments.

For India, a better relationship with the United States requires a strengthening of the approach initiated by the Janata government in the late 1970s and resumed after Mrs. Gandhi's 1982 visit to Washington. Without the double burden of the US – Pakistan and the Indo- Soviet relationship, the pace of improvement could be quicker if encouraged by the government of India. But relations are unlikely to become more cooperative if India decides almost viscerally that opposing the United States is the natural state of affairs for Indian foreign policy. Related to this is the future of non-alignment, after the end of the cold-war more a slogan than a guide to policy. The prospects for improved relations would dim should New Delhi redefine non-alignment in North-South terms – positioning itself as a leader of the Third world in a strident struggle against the United States and the industrialized west.

One of the most difficult issues before the two countries in the 1990s is the nuclear question. With both India and Pakistan now acknowledged as nuclear weapon capable countries, the proliferation issue and the related problem of missile capability are certain to remain major bilateral pre-occupations. This development has made conflict – avoidance between the two antagonists a key US regional security interest in South – Asia. The goal is to avoid a crisis that could lead to nuclear war between India and Pakistan, and, if possible, to reduce New Delhi and Islamabad to renounce nuclear weapons. The quasi-nuclearization of the sub-continent could, indeed, mark

as important a change in south Asia as the end of the cold-war. A Nuclear Pakistan has, in effect, achieved strategic parity with India, something it could never have hoped for with conventional weapons. How effectively and calmly Washington and New Delhi deal with this difficult and dangerous problem is certain to have a major impact on future - course of the US Indian relationship.

The first half century of relations between the United States and India, in retrospect, has been dis-appointing. The clash of interests that began during World War II when Indians and Americans differed on basic priorities continued through the more forty years of the cold-war. The two countries found themselves on opposite sides of major foreign and security policy issues despite their common adherence to the democratic system. With the cold war over, Indo- US relations could become more positive. It is uncertain, however, that the two governments will take advantage of this opportunity. Even though past problems are for the moment out of sight, they are not out of mind, New Delhi and Washington need to study and absorb the lessons of the past five decades if India and the United States are to forge a more constructive relationship in the years ahead.

## Notes

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2. Harold Isaacs, *Scratches on Our Mind*, White Plains (New York: M.E. Sharpe), 1980, p.269.
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4. Ibid., p.14
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6. Kenton Clymer, *Jawaharlal Nehru and the United States, the pre-independence years*, *Diplomatic History* 14 (spring 1990), p.147.
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9. Selected works of Jawaharlal Nehru SWJN, Vol. 14, pp.457-58; Nehru Interview with the Press, 28 October 1945.
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14. Jawaharlal Nehru, *Letters to Chief Ministers*, Vol.3, pp.258-59, letter of 3 March 1953.
15. Richard L. Jackson, *the Non-Aligned, the UN and the Superpowers* (New York: Praeger, 1983), p.6

16. Sarvepalli Gopal, Jawaharlal Nehru, A Biography, Vol.II (London: Jonathan Cape, 1979) pp.228-30.
17. Nehru, Vol.VI, P.88, See pp.71-89, letter of 15 November 1954, for Nehru's detailed report on the China and Indo-China trip.
18. Naunihal, Opcit., p.118.
19. During the Eisenhower administration, the OCB reviewed Progress of South Asia Policy on a Semi-Annual basis, first under NSC 5409 of February 1954, and later NSC 5701 of January 1957. These reviews, now largely de-classified, provide an excellent – and authentic window on official US thinking towards the sub-continent during the 1950s.
20. FRUS, 1955-1957, Vol.VIII, p.3, Progress report by Operations Co-ordinating Board on NSC 5409, 30 March 1956.
21. Progress Report by Operations Coordinating Board on NSC 5701, 9 November 1960.
22. Nehru, Vol. 5., p. 343, Letters of 15 December, 1959.
23. From the historian's standpoint, the Kennedy administration is harder to track than Eisenhower's. Kennedy NSC records are sparser. Although copious briefing papers are available, there are not usually minutes of NSC meetings. The general practice – in contrast to the Eisenhower administration – was to note the decisions without a record of the discussion.
24. Interview with Phillips Talbot, 26 June 1990.
25. Interview with Robert Komer, 5 August 1990.
26. "Notes of Karachi – New Delhi Visits," undated memorandum drafted by Dean Rusk.
27. Naunihal, Opcit., p.163.
28. Letter from Prime Minister Nehru to Lyndon Johnson, 14 April 1964. Johnson Library, Washington D.C.
29. This was quite true at the time, Agitated by US military aid to India after the 1962 war with China, the Pakistan continued to reject US warnings not to develop further their relationship with China. Johnson



- had a stormy meeting on this issue with foreign Minister Bhutto in December 1963.
30. Naunihal, opcit., p.183.
  31. Thomas Perry Thoranton, *US Policy in the Nixon – Ford Years*, in Harold A. Gould and Sumit Ganguly, eds., *the Hope and the Reality: US – Indian Relations from Roosevelt to Reagan* (Boulder, Co : Westview Press, 1992), pp.94-97.
  32. Henry A. Kissinger, *the White House Years* (Boston Little Brown and Company), 1979, p.848.
  33. Henry Brandon, *the Retreat of American Power* (Garden City, Doubleday and Company), 1973, p.252.
  34. Kissinger, Opcit., P.848.
  35. In war and secession, Rose and Sissan concluded that 6 December was the date set for the Indian attack on East-Pakistan. Journalist Inder Malhotra, author of a recent biography of Mrs. Gandhi, Understood it was 4 December. Other Knowledgeable Indians, however, denied Mrs. Gandhi set a December-Day. In any event, Yahya's air attacks brought matters to a head.
  36. Yahya's action reflected long-standing Pakistani doctrine that the defense of the east rested on war in the west. Then in bad disarray, the Pakistani Leadership hoped the major powers, as in the two earlier Indo-Pakistani wars, would intervene to halt the fighting before India could achieve its objectives.
  37. Interview with Harold Saunders, 26 April 1991.
  38. Naunihal, Opcit., p.207
  39. New York Times, 28 October 1974.
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  41. Ibid., 31 October, 1974
  42. Thomas P. Thornton's *US India Relations in the Nixon and ford Years*, in Harold A. Gould and Sumit Ganguly, eds., *the Hope and the Reality US Indian Relations from Roosevelt to Bush* (Boulder: Westview 1992)

43. Ibid., 1992
44. The Statesman, 2 February 1977.
45. Ibid., 22 March 1977
46. Washington Post, 3 March 1977.
47. New York Times, 2 October 1977
48. Interview with Eric Gonsalves, 11 January 1991.
49. Text from India Today, 18 January, 1980.
50. Interviews with Ambassador Goheen and Thomas Thornton, both present in the meeting with President Carter.
51. Interview with Ambassador Goheen, 15 April, 1991.
52. Interview with Thomas Thornton, 12 December, 1990.
53. Interviews with Ambassador Eric Gonsalves, 12 January 1991, and Krishnan Rasgotra, 28 February 1991.
54. Interviews with Ambassadors K.R. Narayanan and P.K. Kaul, January-February 1991.
55. Arrival statement by president Ronald Reagan, text from the *New York Times*, 30 July 1982.
56. Mrs. Gandhi's Arrival Statement, text from *New York Times*, 30 July 1982.
57. The secretaries of Commerce and Health, Education and Welfare and the Attorney General.
58. Naunihal, "Op.cit.," p.254.
59. Business India, 28 November – 11 December 1988, pp.131-32; Indian Express, 15 December 1988; and India Abroad, 23 June 1989.
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61. Naunihal, p.260.

## **Chapter - 2**

### **Improvement in Relationship**

#### **The Kashmir Dispute: US Relation Disappoints India**

Neither the Cold War, dollar diplomacy, nor anti colonialism caused the first major bilateral difference between the United States and independent India, the problem arose over the princely state Jammu and Kashmir. Under the British ground rules, the rulers of the several hundred princely states were encouraged to join either India or Pakistan, taking into account factors such as geography and the religious make up of their populations. By August 1947, all but three of more than 350 states had acceded to India or Pakistan. Two of the three still standing apart were, unfortunately, the largest states, Kashmir and Hyderabad.

Strategically located in the Himalayas in the northwest portion of the subcontinent, Kashmir had a Hindu ruler and Muslim Majority Population. The natural beauty and cool climate of the central valley or vale of Kahmir had attracted the Mughal Emperors and then the British as a Heaven from the soaring heat of Indian summers. When the temperature mounted in May to over 50 degrees on the plains, the British flocked to houseboats on the lakes near the 5,000 foot high capital in Sri Nagar, where the soaring Himalayas provided a magnificent back drop.<sup>1</sup>

Governor General Lord Mountbatten convinced Nehru that Kashmir's accession should be conditional until the people of the state could vote on the final status. Mountbatten's acceptance of accession for the Government of India started explicitly that when law and order were restored and the invaders gone, "the question of the state's accession should be settled by a reference to the

people.” A few days later, in a 2 November, 1947 radio broadcast, Prime Minister Nehru similarly stated that a plebiscite would settle the state’s fate.<sup>2</sup>

A dramatic airlift of Indian troops, secured the Srinagar airport, preventing the fall of Kashmir’s capital, the Indian soldiers then gradually drove back the Pathan tribesman, the invaders having failed to seize Srinagar when it lay defenseless, wasting their advantage on looting and pillaging. After bilateral attempts to end the fighting failed, Nehru – following Mountbatten’s Counsel – took the issue to the United Nations Security Council, believing that India’s legal and moral case against Pakistan was strong.<sup>3</sup>

Quite apart from political considerations, Jawaharlal Nehru had a strong emotional attachment to Kashmir, his family’s home land. The Indian leader was a Kashmiri Pandit, a Brahmin Sub caste that ranked near the top of the Hindu Social order. Nehru was also a personal friend of Sheikh Mohammad Abdullah, the Charismatic leader of the nationalists in Kashmir, to whom the Maharajah turned over effective power after joining India. Politically, the Sheikh had close ties with the Indian Congress Party, supported the idea of a secular state, and opposed the concept of Pakistan.<sup>4</sup>

The United States, nonetheless, cooperated with the British when the Kashmir issue came before the UN Security Council. The initial presentation by India and Pakistan made clear the enormous gap between the two parties. As Indian political scientist Sisir Gupta wrote, “Both appeared as the aggrieved parties, both as the complainants. To India, Pakistan had committed aggression and violated her territory, to Pakistan, India was always hostile and was intent on undoing the creation of Pakistan itself.”<sup>5</sup>

Despite Nehru’s negative reaction, the United States continued to Press for Indian acceptance of Mc Naughton’s ideas. In a 9 January 1950 meeting with

Mrs. Vijay Lakshmi Pandit, who had become ambassador to Washington, and External Affairs Ministry Secretary General Bajpai, Dean, Acheson Strenuously urged India not again to refuse UN Kashmir proposal.

Angry about the US demarche, Nehru sharply replied via Bajpai that Acheson's message;

It is not only unfriendly in tone and substance but appears to us to be seeking to bring pressure on our government under threat of consequences .... It appears to be totally forgotten that we are not the aggressors, but that we are the victims of aggression on .... I would like to add that it is a matter of great personal regret to me that the secretary Acheson should have sent us message of this kind.<sup>6</sup>

After the failure of Mc. Naughton's efforts, the Security Council sent prominent Australian jurists Sir Owen Dixon to South Asia to try his hand. Arriving during the oven-like heat of May, Dixon toiled through the summer of 1950, working quietly with Nehru, Pakistan's Prime Minister Liaquat Ali Khan, and others. When he concluded that a state wide plebiscite was impractical, the Australian suggested an approach similar to an idea put forward earlier by Girja Bajpai – limiting the vote to the valley while partitioning the rest of the state on the religious basis. In the end, this proposal failed after Nehru rejected the idea of UN control of the valley during the Plebisite.<sup>7</sup>

For Indians, the Kashmir question was a central and a vital foreign policy issue inevitably linked with the traumatic partition of British India and the creation of Pakistan. As Josef Korbel, one time chairman of UNCIP, wrote:

The struggle for Kashmir is in every sense another bottle in this continuing struggle and by now irrational was of ideals. In the minds of Nehru and the Congress, Kashmir is, in miniature, another

Pakistan, and if this Muslim nation can be successfully governed by India, then their Philosophy of secularization is vindicated.<sup>8</sup>

The United States looked at Kashmir quite differently. Washington regarded the problem as a serious dispute between the two countries with which the United States had friendly relations, but not as an issue involving vital US interests. Kashmir also appeared to be the type of regional dispute that the United Nations should be able to resolve, especially as India's original suggestion for a Plebiscite provided a basis for settlement. The concern in Washington was that in the absence of a settlement fighting would again break out between India and Pakistan. Although at first Washington took no strong position on the merits, the United States back the UN call for a Plebiscite and gradually became exasperated by Nehru's backsliding on this question and by incremental steps, New Delhi took to formally incorporate Kashmir into the Indian Union.<sup>9</sup>

George McGhee, Assistant Secretary of State for near Eastern and South Asian Affairs through much of this period, commented that the main US concern was about the possible out break of war over Kashmir. "We wanted to avert full scale war between India and Pakistan, this was always a threat. Our efforts failed because of Nehru," McGhee asserted.<sup>10</sup>

## **The end of Cold War and its Implications for Indo-American Relations**

Once the Korean war started in June 1950, Cold War considerations became an even more dominant element in US foreign policy. Discussions between Ambassador Henderson and Prime Minister Nehru in November 1950 mirrored the sharp differences between the two countries on this basic problem,

the United States stressing collection security and India following a neutralist approach as the best way to pressure the peace.

In December, 1950 just after the Chinese routed UN forces in North Korea a state Department Policy review of South Asia made it clear that Washington main concern about India was that country not be “lost” the way China was. “With China under communist domination,” the study stated, “Soviet power now encroaches along the perimeter of the Indian sub continent. India has become the pivotal state in non-communist Asia by virtue of its relations power, stability and influence.”<sup>11</sup>

The policy paper hoped India would agree “voluntarily to associate itself with the United States and like minded countries opposing communism, “and supported Ambassador Henderson’s recommendation that an aid Program be initiated.”<sup>12</sup>

The continuing incompatibility of US and Indian views was, however, underscored in April 1951 discussions that Assistant Secretary McGhee and Ambassador Henderson had with Prime Minister Nehru in New Delhi, these talks confirmed a wide gap between US and Indian thinking on the major foreign policy issues of the day handling the war in Korea, the Soviet Union, and Communist China. As Henderson put it, there remained a fundamental difference between US about the aggressive intent of international commission”.<sup>13</sup>

Obviously, cold war is the competition between the United States and the Soviet Union for the friendship, good will, diplomatic support, allegiance and alliance of other countries. It could as well be termed as the struggle for the domination of the world. Therefore, the United States has been an inevitable major participant in the Cold War World Strategy. It was difficult for India to

identify herself with either of the blocs. Though it had adopted the Parliamentary democracy of the West, it could not trust the western powers due to the legacy of imperialism, the evils of imperialism were much more real and obvious to the Indians than those of the distant bugbear of communist totalitarianism<sup>14</sup>.

Relations between Gorbachouy and Reagan's successor, George Bush were good and there were several summits. These produced two historic agreements. The conventional forces in Europe (CFE) treaty signed in November, 1990 and the strategic Arms Reduction treaty (START) signed in July 1991. But opposition by the Soviet General staff undermined the CFE treaty and the dissolution of the Soviet Union in August 1991 halted Progress on the START treaty. One of the objects of Soviet foreign policy had been to strengthen socialism around the world. By 1990 it was clear that this mission had failed. The Soviet Union's only allies were under developed third world state such as Angola, Ethiopia, and Cuba and they were all liabilities requiring more and more aid to stay afloat.<sup>15</sup>

In a report to Congress on National Security Strategy, President Bush in March 1990 outlined his administrations approach towards South Asia. He said that both India and Pakistan were friends of the United States. With Pakistan they would try to maintain a special relationship and at the same time try to improve relations with India. They would also try to, "encourage India – Pakistan rapprochement and a halt to nuclear proliferation."<sup>16</sup>

In February 1992, the Prime Minister of Pakistan Nawaz Sharif gave the call to support the cause of the Kashmiri people and to free Kashmir from India. Pakistan wanted to bring up the Kashmir issue in the United Nations Security Council, thereby calling for the United Nations preventive diplomacy. The United Nations Preventive diplomacy. The United States did not want to alienate India in the United Nations Security council as now the United States is the only



super power. “Thomas Pickering US permanent Representative in the UN said that the US is opposed to UN role in settling the Kashmir issue and would prefer both the countries to settle it bilaterally.”<sup>17</sup>

In a speech made at the United Nations in January 1992 Prime Minister P.V. Narsimha Rao set forth India’s well known position on the nuclear issue, and declared that India would not sign the NPT.”<sup>18</sup>

After meeting George Bush, he suggested bilateral talks on the issue. The foreign secretary of India, J.N. Dixit then visited Washington D.C. in March 1992 for discussions with state Department officials, there he told the Indian correspondents that India would neither sign the non proliferation nor participate in the proposed 5 power conference. Since then officials of both the countries have held two more rounds of talks. A statement made by Bartholomew in March 1992 indicates a narrowing of the gap between the two countries. Bartholomew said: “We have begun a more productive nuclear dialogue with India than we have had in (Sic) Some Time.”<sup>19</sup>

After the end of the cold war the question then arises non alignment with whom or what. If we look at it logically then the non aligned movement will continue to be a force against any global domination, multipolar, bipolar, or unipolar. Therefore, non alignment is a movement against the domination of great powers over the weak powers. May be with passage of time the texture of the struggle might change but not the nature, that is the demand for the functioning of the system as independent, sovereign and equal states, irrespective of size and strength.<sup>20</sup>

To conclude, the new global order that has emerged after the end of the cold war and the disintegration of the Soviet Union requires a recording of the old ties and the relationships. In undoubtedly, for India, it pores fresh challenges.

But it also offers new opportunities which, if handled with diplomatic skill and single mindedness, can be exploited to India's advantage. The common interest and values shared by the two countries should help in reshaping their mutual relations. India and the United States stand to gain from looking at the world with a unified point of view.<sup>21</sup>

### **Indo-U.S. Economic Relations**

The summer of 1953 saw India and the United State embroiled in an acerbic dispute over the battle act. – a US law sponsored by Congressman Laurie C. Battle, Democrat of Alabama – barring American aid to any country that traded in strategic goods with communist China. The trouble arose after American officials became aware of the Indian Governments rare Earths corporation had shipped to China a Strategic commodity called thorium nitrate used in the production of Uranium. When Ambassador Allen raised the issue with Nehru, the Prime Minister reacted Vehemently, stating flatly India would never permit the United States to tell India with whom it could trade as a price for aid.

Although American officials explained US legislative requirements tied their hands, the Indians refused to budge. Secretary, General of the Ministry of External Affairs Pillai pleaded with Allen to “bear in mind that (the) GOI is young and perhaps supersensitive and its sovereignty.”<sup>22</sup>

In the end, after much teeth gnashing in the state Department, Secretary Dulles decided not to cut off aid even though India remained unwilling to bend. Dulles agreed aid could legally continue because the thorium nitrate shipment was “not knowingly permitted” and an arrangement under which the United States bought out all Indian surplus production prevented future sales of the commodity.<sup>23</sup>

As Dulles cabled Allen on 3 September, he feared a cut off would hurt India's work as the Chairman of Neutrals Nations Repatriation Commission in Korea since the action would be seen as punishing India, and would provide, a great boost for communist propaganda. Dulles also doubted that aid could be resumed easily if it were terminated, putting the United States in the awkward position of supporting India's stability and being able to do nothing about it.<sup>24</sup>

The Lesson Ambassador Allen drew from the affair was that the United States had been too soft with the Indians on aid. Instead of insisting on a clear cut required, Allen felt the United States allowed the Indians "to simply let us know how much aid they needed without having to ask anyone for anything....." I believe continuation of this essentially dishonest fiction would be fraud on American people as well as continue to place US Indian relations on false and therefore unsound basis.<sup>25</sup>

A trend most evident in the virtual absence of foreign policy issues from all of the Presidential Campaigns between 1992 and 2000 in the United States. Liberal and some conservative internationalists watched with alarm what they saw as the rise of anti international and isolationist thinking. Samuel Huntington bemoaned the inability of President to articulate a new vision to commensurate with the great strategic transformation of the decade the demise of the Soviet Union. To him, the absence of a new doctrine meant that foreign policy was taken over by two kinds of "Particularistic" interests: Ethnic Politics and Commercialism.<sup>26</sup>

But neo conservative internationalists lamented a lost opportunity for the United States to take matter in its own hands. Charles Krauthammer, a leading neocon voice, wrote that the United States "unipolar movement" was squandered not merely by the failure to drive Saddam Hussian from power in Iraq. The United States should have been "unashamedly laying down the rules of world

order and being prepared to enforce them.”<sup>27</sup> With regimes such as North Korea’s and Iraq’s able (or so the Neocon claimed) to threaten the United States with nuclear weapons, this was no time for depending on multilateral cooperation.

Here was a radical version of an emerging new realism – radical in its belief that the time was ripe for the United States to impose its power and its values in the world affairs – whereas the realism of Dole and Helms suggested paring down US overseas commitments to those it would lead and Clinton’s realism relied on soft power and a high threshold for the unilateral use of force. Krauthammer explicitly endorsed foreign policy crusading. All these view points were firmly rooted in US Nationalism, but Krauthammer’s meant carrying the flag around the world. And he wrote, the country could easily afford to do so. The cost of ensuring a safe world for American commerce – 5.4 Percent GN.P.(in military spending) and falling is hardly exorbitant. “<sup>28</sup>

To more traditional realists, the neocons were over- compensating for the past, hell bent on involving the United States everywhere, seeking to control everything, and engaging in a kind of dangerous utopianism about the virtues of the United States.<sup>29</sup> But Krauthammer, those realists were deluding themselves into believing that the end of the Soviet Union allowed the United States to return to normalcy.

Krauthammer’s brand of unilateralism – or “offensive realism”, as some observes called it found home in the Project for the New American Century (PNAC), the group was found in 1997 to advance the neo-cons.’ Cause, which they explicitly defined as “hard handed internationalism”. The group’s choice of name could hardly have been accidental, for its arguments echoed those of Henry Luce’s “American century” speech over fifty years earlier: US power and ideals needed to assume center stage in world affairs. Ronald Rorgan was its

hero; Jimmy Carter and Bill Clinton were cast as appears and apponents of US hegemony.<sup>30</sup>

To assert that the Brilton woods institutions benefit industrialized and capital exporting economies is only to admit the obvious; they were meant to do so by preventing recurrence of pre-war instabilities. Further, as McNamara put it, the World Bank was a development investment institution, not philanthropic organization and not a Social Welfare agency.<sup>31</sup>

Investments brought returns, World Bank bands were secure because they were backed by the strongest currencies. World Bank Loans were made only to countries with demonstrated ability to repay them in fall, and to projects which were economically sound and open to international tender. In addition, the World Bank and the IMF fostered environments favourable to direct foreign investment, as in India's fertilizers industry. Thus, capital channelled through multilateral institutions were assured of long range profit at almost no risk, and new market were opened for the industry and products of the developed world. Monies going out to the developing countries flowed back, augmented, into the coffers of the North, with the developing countries carrying the service charges. However, the gains were not exclusive.<sup>32</sup>

The IMF was more remote and conservative than the World Bank and more closely linked with the Central Banks of the developed World.<sup>33</sup> Its Managing Director was always an European, the IMF was only reluctantly drawn into the problems of the developing world, primarily to ensure that their balance of payments crisis did not bank rupt private creditors in the North. When stable exchange rate broke down and the US dollar lost credibility as an international reserve currency in the late 196-0s, the IMF cautiously approved a new kind of currency in the form of special Drawing Rights (SDR).

Economic cooperation among developing countries ranked high in New International Economic Order (NIEO) Pronouncements. The concept of collective self reliance could be made operational only if developing countries looked to each other as much, as more, than they looked to the developed countries for supplies of their needs. Whenever they did so, and whenever multifaceted economics such as India's were able to supply them, they built 'bridges across the south'.<sup>34</sup>

India's contributions to economic and technical cooperation among developing countries made soon after independence and increased over the years. They were channeled through the Colombo plan, the Common Wealth fund for technical cooperation, the UN Development Programme, the Asian Development Bank, ESCAP, the special commonwealth African Assistance Plan and same bilateral Programmes between India and recipient countries. India's financial outlays were not large, but its services were correspondingly expensive. The Principal beneficiaries were India's immediate neighbours as also countries in eastern and southern Africa and in the Indian and Pacific Ocean.<sup>35</sup> Also benefiting were Indian experts and consultant employed under these schemes, and Indian exporters of goods purchased with some of the funds. Notwithstanding Indian rhetoric or 'intermediate technologies' and alternative paths to development, 'no systematic efforts appears to have been made to adopt them within India or sponsor them elsewhere in the third world. As prospects of the NIEO receded, the resemblance of economic cooperation and development to that in the already industrialized world increased.

### **End of Cold War: An Improvement in Relations**

Just before the 1988 US elections, P.V. Narasimha Rao, when Rajiv had reappointed as foreign minister, called on President Reagan and had a friendly breakfast with Secretary George Shultz during UN session in New York. The

amicable talks underscored the change in Indo-American relations during eight years Ronald Reagan occupied the white House. In January 1981, Prospects for friendlier relations seemed bleak, yet the two terms of the Reagan Presidency saw a gradual warming between Washington and New Delhi. Although neither country substantially altered their basic and often conflicting policies either globally or towards the sub continent, Indo US relations paradoxically improved. Despite scepticism about how far the improvement in relations could carry, however neither capital gave up the efforts. During Reagan's eight years in office high level dialogue greatly increased, the Vice-President, Secretary of state, two Secretaries of Defence, and three other cabinet members visited India.<sup>36</sup>

President George Bush was familiar with the issues in South Asia from his eight years as Vice-President as well as from his earlier services at the United Nations, and his tenure as Director of CIA. Most others in his administration, however, had limited previous exposure to India and the sub continent. Although Washington has first no need to under take initiatives in South Asia, the dramatic shifts in Soviet Policy greatly affected the US Stanced towards the region.

In October, 1990 in the middle of the Persian Gulf Crisis, although not directly related to it, the shoe finally fell. With the Soviet military departed from Afghanistan and mounting information regarding the scope of Pakistan's nuclear Programme, the administration concluded it could no longer defer taking action. The president decided he would not certify that Pakistan did not possess a nuclear weapon, and as a consequence in keeping with the Pressler amendment stopped US military and economic assistance. Press reports attributed the decision to Islamabad's refusing to roll back its uranium enrichment programme. A key element in its covert efforts to develop a weapons capability.<sup>37</sup>

Whatever the reason, Bush's action caused much satisfaction in India. uneasy about Pakistan's nuclear aspirations, New Delhi had believed the United States was applying insufficient pressure against Islamabad to stop the move towards weapons. In addition to the nuclear dimension, the Indians were pleased that the flow of US arms aid to Pakistan had for the time being at least ended.

Reports of alleged human rights violations by India, especially in the Punjab, began to draw criticism in the US congress. Active lobbying by supporters of separatist movement and disapproval of harsh Indian tactics by human rights groups, such as Amnesty International and Asia Watch, stirred Congressional interest. One of the most outspoken and Persistent critics was Republican wally Herger of California, whose district included Vuba City, the home of many Sikh immigrants, including Didar Singh Bains, an outspoken, supporters of Khalistan, the name of the Sikh homeland and the largest peach grower in the United States.<sup>38</sup>

To help combat this chronic image problem and to improve relations with capital Hill, Indian Ambassador P.K. Kaul, the former cabinet secretary, when Rajiv sent as successor to K. Shankar Bajpai, proposed that India hire a lobbyist familiar with the byways of political Washington. Despite the fact that Kaul was one of India's most senior Civil Servants, having served as Secretary to the Ministeries of Finance and Defence, as well as cabinet Secretary, he could not convince his fellow mandarins, colleagues in the prestigious Indian Administrative Service, the elite career cadre that filled Indians most important Civil Service Portions – that hiring a lobbyist was an appropriate way to spend Indian Government money.<sup>39</sup>

India's rival, Pakistan had no such reluctance in seeking support for its cause in Washington, during most of the 1980s, Pakistan was represented by Denis Neill, regarded as one of the more skilled Washington Lobbyists.<sup>40</sup>



The most significant item of defence cooperation remained the US Air Force Collaboration on the light combat Air craft Progress on the LCA qwas slow, but continuing. No new projects came to Fruition, however, nor did these appear to be many serious consideration about major military procurement initiatives. In the absence of a push from the political level, the Pentagon's traditional reluctance to expand high technology sales to India again became apparent. Even though the MoU was supposed to facilitate technology transfer, the export review process began to drage once more.

The licensing for export of a \$ 1.2 million combined Acceleratio vibration climatic Test System (CAVTS), a sophisticatd rocket Testing device that simulated the heat and vibration of re-entry into the earth's atmosphere, became an issue. Although Washington initially leaned towards approval, after India successfully tested the Agni, the Bush Administration reversed field. The United States refered to approve the export on the grounds that CAVTS could aid in developing a nuclear missile system.<sup>41</sup>

The export of a second super computer, discussed during Rajiv Gandhi's 1987 visit, also encountered serious delays. When India asked for Acray XMP- 22, twice as powerful as XMP- 14, US export review authority regard the pros and cons of selling a super computer to India. Defence, ACDA, and energy expressed unhappiness about proceeding because the Acray XMP- 22 could help develop a nuclear weapons capability, state and commerce urged approval of the license for the \$ 50 million sale.<sup>42</sup>

It was only in December, 1990, over two years after the Indians brought the subject, that president Bush finally ruled in principal in favour of the export license. Opponents of the sale gained some satisfaction, however, when Bush required the negotiation of supplementary controls to guard against the computer's use in nuclear weapons development.<sup>43</sup>

One side light of the fracas was highlight the tiny size of foreign investment in India. As bad as the figures were for 1989, they were worse in 1990, with political instability and rising violence further damaging the investment climate, foreigners put only a paltry \$ 76 million in India. US investment shrank to a derisory \$ 19 million. The only positive US investment note during 1990 was Indian government approval for pepsico to enter the Indian market in a food precessing soft drink venture. Accepting the 40 percent ownership restriction, the US Conglo merate agreed to a joint venture with Tatas to produce and market its soft drink and other food products. The V.P. Singh government as weak as it was, held fast against lobbying by domestic Indian soft drink interests, who were fearful they would lose market share to the better known foreign brands.<sup>44</sup>

The Indian economy, both under the Congress and National Front Governments, remained relatively closed to the outside world with high level of protection for domestic industry and an investment climate that foreign business judged as unfriendly the lengthy and bitter legal controversy that followed the tragic industrial accident at the Union Carbide Chemical Plant in Bhopal involving vast separations claims and criminal charges against US based carbide executives hardly reassured American investors.

Overall Indian economic growth more than kept pull with the increase in population, but was less dynamic than that of the “young tigers” of Asia – Thailand, Malaysia, Indonesia, Hongkong, Taiwan and South Korea or of Communist China. The large Public sector industries, developed in the heyday of Nehruvian Socialism, continued to run large deficits, proving a major drag on the economy. Much of the Private sector, working in close harness with government officials and politicians, enjoyed large profits from a protected and

highly controlled domestic market. The economist spoke of India's condemning itself to the Hindu rate of growth.<sup>45</sup>

During the last decade of the 20<sup>th</sup> century, American productivity became the engine of global economic growth, American capital under wrote a staggering array of new technologies and promoted their broad distribution around the world, American enterprise nurtured vast markets and stimulated a level of personal consumption that in previous centuries, was accessible only to the wealthiest. The last decade of the twentieth century may one day be remembered as the good old days, in the Indo American relations.<sup>46</sup>

Unlike US Pakistan military ties which date back to the 1950s, military cooperation between the United States and India is in the early stages of development. In recent years, joint Indo-US steering committee have been established to coordinate relations between the two countries armed services, including exchange visits technical assistance and military exercises. Naval cooperation so far has included a 20 day special operations joint exercise focused on marine. Counter terrorism and peace keeping operations at Ratnagiri in 1994. Indo-US naval forces also conducted joint exercises 1995 and 1996. An Indian naval contingent supported the US led UN Peacekeeping mission in Somalia starting in December 1992. India's ground troops in Somalia, which numbered 5, 000 in mid 1994, received high praise for their humanitarian as well as peacekeeping efforts. In 1997, India had about 900 U.N. peacekeeping forces, mainly serving in Angola and Bosnia – Herzegovina. In June 1997, a high level team of Indian officials was in Washington to sign a US India treaty for the extradition of fugitive offenders. The Treaty was described by both sides as an important step in efforts to combat the problems of international terrorism and narcotics trafficking.<sup>47</sup>

U.S. Aid to India : The relatively small US aid programme for India for F. 4 – 1998 includes an estimated \$ 51.35 million in development assistance. \$ 91.874 million in P.L. 480 funds and \$ 475,000 for international military education and Training (IMET). For F4-1999, the Clinton Administration has requested \$ 56.5 million for development assistance, \$ 91.752 million in PL 480 funds and \$ 450,000 for IMET. In recent years, the US Agency for international Development (AID) increasingly has focused on sustainable development programmes that support India's efforts to restructure and privatize its economy. The major AID goals in India for F4 1997 include : encouraging broad based economic growth, stabilizing population growth, enhancing food security and nutrition, protecting the environment, reducing transmission of HIV infection, and expanding the role and participation of women in decision making. P.L. 480 funds go to providing food assistance, largely through private voluntary agencies. First lady Hillary Clinton visited India in 1995 as a part of five nation tour of South Asian projects in support of Women's Economic and Social Development. The first lady announced that India would receive the first grant, for \$ 500,000 of a new U.S. Agency for International Development initiative for educating girls and women. In 1997 – 98, the United States provided about 2.5 % of the \$ 6.6 billion in donor assistance to India and is its sixth largest donor. Major donors includes the World Bank, the Asian Development Bank, the European Union, Japan, Germany and the United States.<sup>48</sup>

## **An Overview**

Although India suffers from several militant regional separatist movements, the Kashmir issue has proven the most Lethal and intractable. The problem is rooted in claim by both India and Pakistan to the former princely state, divided since 1948 by a military line of control (LOC) separating the India state of Jammu and Kashmir and Pakistan controlled Azad (free) Kashmir. Spurred by what were perceived as rigged state elections that unfairly favoured Pro-New Delhi candidates in 1989, an ongoing separatist war between Islamic militants and their supporters and Indian security forces in the Indian held Kashmir valley has claimed 40,000-90,000 lives. Indian blames Pakistan for fomenting the rebellion, as well as supplying arms, training and fighters. It insists that the dispute should not be “Internationalized” through the involvement of third-party mediators. Pakistan, for its part, claims only to provide diplomatic and moral support to what it calls “freedom fighters” who resist Indian rule. Islamabad has sought to bring external major power persuasion to bear on India, especially from the United States. The longstanding U.S. Position to bear on Kashmir is that the issue must be resolved through negotiations between India and Pakistan while taking into account the wishes of the Kashmiri people.

In 2001 and 2002, a series of violent incidents worsened the region’s security climate and brought India and Pakistan to the brink of full-scale war. In October 2001, Islamic militants attacked the state assembly building in Srinagar, killing 38, and a brazen December attack on the Indian parliament complex in New Delhi left 14 dead. Indian government officials blamed Pakistan – based military mobilization that brought hundreds of thousands of Indian troops to the border with Pakistan. In May 2002, in the midst of this armed showdown, militants attacked an Indian army base in the Jammu town of Kaluchak, leaving 34 dead, many of them women and children. New Delhi leveled accusation that

Islamabad was spousing Kashmiri terrorism; Indian leaders talked of making “pre-emptive” military incursions against separatist, training bases on Pakistani territory. The situation was further exacerbated with the assassination of two moderate Kashmiri separatist leaders in late -2002 and early 2003.

International pressure included numerous visits to the region by top U.S. diplomats and led Pakistani President Musharraf to Publically state that no infiltration was taking place at the LOC. On receiving assurances from secretary of State Powell and other that Pakistan would terminate support for infiltration and dismantle training camps, India began the slow process of reducing tensions with Pakistan. In October 2002, after completion of redeploying troops to their peacetime barracks had begun. Islamabad responded with a stand-down order of its own, although the Indian and Pakistan armies continue to exchange sporadic small arms, mortar, and even artillery fire along the LOC.

Indian Kashmir remains volatile. October 2002 elections to the state assembly resulted in the ouster of the National conference and the establishment of a coalition government of the Congress party and the people’s Democratic Party. While the seating of this new and seemingly more moderate state government renewed hopes for peace in the troubled region, continued separatist violence dampened early optimism. The United States welcomed the election process as a necessary first step towards the initiation of meaningful dialogue between India and Pakistan to peacefully resolve their dispute. Secretary of State Powell asserted that, “the problems with Kashmir cannot be resolved through violence, but only through a healthy potential process and a vibrant dialogue.

Caught off guard by the precipitous end of the cold-war, India has sought over the past several years to adopt to new global realities that have antiquated many of its former policies, roles and alliances. With the demise of the Soviet Union, India lost a reliable source of economic assistance and military

equipment, a key trading partner, and the promise of Political support in its adversarial relationships with neighbouring china and Pakistan. Moreover, the end of a bipolar world has made India's traditional role as a leader of the non-aligned world something of an anachronism.

Both India and the United States are actively exploring the opportunity presented by the end of the cold-war for a more normal relationship between the world's two largest democracies. The 6 day visit to the United States by Indian Prime Minister Narsimha Rao, in May 1994, marked the beginning of a significant improvement in US India relations. Rao addressed a joined session of the congress and met with President Clinton. Although discussions were held on nuclear non-proliferation, human rights, and other issues, the main focus of the visit was rapidly expanding U.S. India economic relations.

New Delhi's fixation with quasi-socialist economic planning – the results of which had, the spectacular growth of the market – oriented east-Asian countries suffered a further blow in the rejection of that model by the former U.S.S.R. and its successor states. On taking power in 1991, the Narasimha Rao government inherited a desperate financial situation. India's budget deficit exceeded 10% of its Gross Domestic Product (GDP), and inflation was running above 15% with only a few week's worth of foreign exchange reserve on hand, the country was thought by some analysts to be on the brink of defaulting on its \$80 billion foreign debt. All of these factors, however, were symptomatic of deeper economic problems created by decades of central planning and bureaucratic regulation that had stunned economic growth.

Rao's Finance Minister, Manmohan Singh, immediately embarked on a bold strategy of reforms to address India's economic problems. Since mid 1991, the government has substantially inflation and the fiscal deficit, began privatizing or cutting subsidies to inefficient state – owned industries, made the rupee

convertible in International trade, and reduced tariffs and industrial licensing controls in order to attract foreign investment. The United States has been very supportive of India's economic reforms, which have been helped along by international monetary Fund assistance and Producing.

Although the end of the cold-war freed U.S. India relations from the constraints of a bipolar world, bilateral relations continued for a decade to be affected by the burden of history, most notably the longstanding India-Pakistan regional rivalry. Recent years, however, have brought a sea change in US India relations, which was reflected in India's swift offer of full support for the U.S. let war on terrorism following the September 11, 2001, terrorist attack on New York and Washington.

The continuing US concern in South-Asia, however, is the prevention of nuclear and ballistic missile proliferation and the reduction of tensions between India and Pakistan.



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## **Chapter - 3**

# **Indian Response to American Non-Proliferation Treaty**

### **Shifts in Policy and Priorities since 1991**

*India's Foreign Policy along with its economic policy had been passing through a period of restructuring, since the end of the Cold War there had been a significant shift in the basic thrust and priorities. As a result economies became the guiding principle of Foreign Policy and Vice Versa. For the first time since its independence, India had been found to reconsider the basic principles of its Foreign Policy.<sup>1</sup>*

Three possibilities confront India's Foreign Policy Priorities. At the first instance India had to reconcile to the fact that, its long time ally Soviet Union is no more there to protect its interests. The successor state, namely Russia had been reduced to a symbolic power. No doubt, it continued to possess nuclear weapons and even retain the permanent seat in the United Nations Security Council. But it had been grappling with domestic problems and international pressures. So, India cannot think of the continuation of the same kind of relationship with Russia. Russia now needed aid and India was not in a position to provide to it. Similarly, India needs Russia's assistance and if could not afford it, as it could do before.

The Second aspects pertain to the fastening of closer economic and security ties with the developed countries particularly the U.S. But, India's position on NPT, NTCR and Intellectual property Rights were regarded as irreconcilable propositions. As a result, the U.S. continues to view India with suspicion.

It is a fact that, the US and India had passed through the decade of 1980 with extensive bilateral cooperation relating to trade and technological matters.<sup>2</sup> With the economic liberalization underway in India since 1991, there is scope to continue the fruitful relations with the US at a broader level in the 1990s.

The third aspects could be regarded as a predicament of India's Foreign Policy namely, the continuation of the Non-alignment policy. India does not enjoy the element among the developing countries as before. India had been trying to appropriate a new role to itself in the Post-Cold-War period. India was instrumentally informing the G-15 group of developing countries in 1992. But, unfortunately. It had not been successful due to intra group bickering and complacency. Similarly, South Asian Associations of regional cooperation (SAARC) had not been too impressive either, in terms of concrete achievement.

So, the spirit of solidarity among developing countries prevalent during the Cold War years had been slowly eroding. Hence, Indira finds herself as a cat on the world. It would neither outrightly dump the nonaligned policy nor it could afford it to compromise. On basic issues of national interest and accept the dominant status of the US in the world.

As per these three caveats, the 1990s presents a challenging task before India's foreign policy. Therefore, there had been an attempt, to evolve relations and practical re-orientations of its Foreign Policy, India's efforts to accelerate industrial policy. India's efforts to accelerate industrial development and improved International competitiveness received a boost with the announcement of the New Industrial Policy (NIP) in July 1991. Launched in conjunctive with a Liberalized trade policy and vigorous reform of the monetary and fiscal sectors, the NIP was a part of comprehensive Programme of economic reference that aimed at better macro economic

management and full realization of the country is considerable economic potential.

The main threat of the NIP was the fresh approval towards Foreign Investment and technology tie ups.<sup>3</sup> The Policy changes that have been initiated since 1991, were designed to attract significant capital flows into India on a sustained basis. They were also aimed at encouraging technology collaboration between Indian and Foreign Companies.

Foreign Equity participation even upto 100 percent had been allowed in several key sectors such as energy and telecommunication, under the new policy. Foreign Investment upto 51 percent in 36 high priority area was to be given approval by the Reserves Bank of India with in two weeks of making an application. The rupee Exchange rate had been allowed to be determined by market factors. Apart from that, restrictions on foreign exchange transactions have been relaxed to a large extent the Foreign Exchanged Regulation Act (FERA) had been amended to allow free amount of Foreign Exchange.

An important element of the new trends between integration with the global economy have been taken to open the Indian Capital markets to overseas investors. These includes, the free entry of Foreign Institutional Investors (FII's) into the capital markets. As a result, there had been an increase in foreign investment inflows. Moreover, wide ranging measures such as delivering and deregulations have given impetions to foreign investors. But the Government had provided special concession for investors who would bring technology along with investment, the norm for the approval of foreign technology agreement have also been considerably liberalized.

### **Nuclear Irritants and Indian Missile Programme**

The world has gone through on momentous revolution with the collapse of communism in the erstwhile, Soviet Union and Eastern European states. The consequences of the rapid and catastrophic changes are so

profound and for reaching that is impossible to visualize in the so called new order. It would, therefore, be foolhardy to frame any long termed and grandiose design for the future of Indo-US cooperation in this fluid situation. India and the US will take time to adjust their policies to the developing environment.<sup>4</sup>

For most of the past 40 years, US and Indian foreign policies have worked at cross purposes for more often than not. But there are reasons to hope that this will change, particularly with regards to arms control and nuclear non proliferation, chances for success will improve dramatically if the United States treats non proliferation as a first order interests not sub merged by competing foreign policy concerns, and simultaneously places relations with India on a more regularized and institutionalized basis.<sup>5</sup>

In the last few years there has been a change in US perception in so far as it is trying to see South Asia as region in its own right conscious efforts to improve relations with India has been made. There are also indications that the US no longer views its relations with India as the outcome of a zero sum game between India and Pakistan. Its recent statements on the Kashmir issue and recognition of Pakistan's role in aiding terrorist and secessionist activity in India are testimony to this approach.<sup>6</sup>

In the post Cold war period out of the key challenges facing the Indo-US relations is the contentions issue concerning the signing of NPT. It has to be realized by both sides that management of security and stability in the post cold war period will have to take the geo-political relations of changing equations of power and capabilities in the world.<sup>7</sup>

The recent US Russian efforts at arms control, China is contribution to this efforts, the impact of post cold war dynamics on the strategic doctrines and calculations of the countries in the South Asia.<sup>8</sup> etc. are some of the issues



which will determines the dimensions and influences of Indo-US nuclear relations.

In this backdrop, it would be worthwhile to examine the US Policy initiatives regarding non – proliferation measures vis-à-vis Indian and India's response in the post cold war period.

## **US Policy initiatives**

In the words of a US State Department report entitled, “Security and Arms Control”, relating the reforms of nuclear weapons and guiding nuclear development towards the peaceful ends have been central policy objectives of every US administration since 1945.” According to the same report, “US efforts today centre on strengthening international non proliferation regime at three levels : the Institutions of the Int. Atomic Energy Agency (IAEA), the legal framework of the Nuclear non –proliferation treaty and the treaty of Tlstelolcoi and the legislation and policy structure of the US Nuclear non – proliferation Act.<sup>9</sup>

President Clinton's April, 1993 “Report to Congress on Progress towards regional non-proliferation in South Asia outlined the current policy towards South Asia. This policy aims “First to cap, then over time reduce, and finally eliminate the possession of weapons of Mass detention and means of deliverly.<sup>10</sup>

Broadly, there are three areas with which American non-proliferation intest is concerned.

1. *Purely nuclear related concerns:* Slowing down or controlling military nuclear programmes by stemming or stopping the flow of nuclear material and technology to India and Pakistan, protecting the NPT, etc.
2. Till recently, containment of erstwhile Soviet influence in South Asia. With the disintegration of former USSR, further cooperation with

Russia regarding nuclear non proliferation issues becomes a policy imperative for the US. It is also important to ensure that if regional proliferation occurs it will not destabilize that will already be a very complicated global order.

3. Finally, there are a number of regional American interests at stake. American should favour the emergence of a stable and cooperation South Asian regional system based on Indian and Pakistan cooperation so that all regional states might better solve their rising economic and developmental problems.<sup>11</sup>.

From the US prospective, nuclear proliferation is seen as troubling not because of the number of weapons that it would produce, but because of the number of new decisions centres it would produce, subsequently by increasing the risk of nuclear accident, nuclear theft, nuclear transfer or nuclear war.<sup>12</sup>.

From the perspective of proliferating states, who believes that in South Asia, India and Pakistan have achieved the states of designed ambiguity, that is consciences and structured manipulations of their ambiguous nuclear states. The Central challenge facing American non proliferation policy in South Asia is to formulate policies which will be effective in this contest of designed ambiguity, especially since both regional states seems to find the situation at least acceptable<sup>13</sup>.

Out of number of alternatives, Cohen suggests that the US would adopt a modified, action, regional strategy that focused on freezing or containing the Indian and Pakistan Programmes at the Post proliferation stage while protecting the NPT and other international agreements. He suggests three kinds of policy recommendations in this regard:

1. Short term to medium terms efforts to encourage Indian and Pakistani policies to name in directions compatible with important American interests.
2. Longer terms policies or actions which attempt to inform and enrich policy debates within India and Pakistan nuclear decisions by stopping their strategic Political and economical environment.<sup>14</sup>

India's continual refusal to the application of IAEA full scope safeguards and opposition to the NPT is considered to be at odds with the Post Cold War developments most notably the deep reductions under the 'START' agreements, South Africa's dismantlement of its nuclear devices and Washington's freeze on the production of missile material and its decision not to deploy tactical nuclear weapons areas – that have collectively diminished the importance of nuclear armaments in International affairs.<sup>15</sup>

From the U.S. perspective nuclear proliferation is the most serious potential obstacle to improve relations between India and the United States. While recognizing India's Sovereign right to retain its nuclear option and its belief that the nuclear Non-proliferation Treaty (NPT) is discriminatory, New Delhi is often urged to show sensitivity to this concern by making two important policy changes :

1. Without signing the NPT, India should unilaterally make a formal pledge to abide by the NPT provisions barring the export of nuclear weapons or of military related nuclear technology
  - (a) requiring that any nuclear exports would be subject to international Atomic Energy inspection in the recipient country to verify that military related technology is not involved and
  - (b) Withholding from other states any technological or other Assistative nuclear weapons.

2. India should agree to join the five power regional nuclear dialogue proposed by Pakistan and the United States, provided that all states involved agree to participate as equals and to accept an agenda in which reciprocal obligations involving all participants can be discussed.<sup>16</sup>

Among some sections of the US policy makers the integrated and missile development programmes of India is seen as a regional problem. According to some, India's missile programme is basically a regional question. Its Prithvi and Agni missiles look like regional city busters; the Prithvi against Pakistan and the longer range Agni against China as well<sup>17</sup> other views that a subcontinental ballistic missile race has already begun. Agni may be a step forward in India's development of a long range nuclear strike force.<sup>18</sup>

Despite India's reiteration that Agni is a "technology demonstrator", the US is apprehensive regarding its deployment and end use. Discussing the testing of Agni missiles, Leonard specter says that no state has ever undertaken the enormously costing and complex task of developing intermediate range missiles without arming them with nuclear warheads. It is improbable that India would deviate from this pattern , particularly when the principal adversary it hages to Delhi through deployment of the Agni passesses nuclear armed missiles of sufficient range to reach targets through out India.<sup>19</sup>

The Agni, can carry a payload of between 500 and 1000 kilograms to a distance of about 1,000 to 15000 miles. US officials worry that if it is deployed, India hold arm it with a nuclear war head.<sup>20</sup>

India has already developed the Prithvi, a military missile capable of carrying a nuclear war head to about 1500 miles, sufficient to hit the majority of major cities in Pakistan <sup>21</sup>.

In May 1992, the Bush administration imposed trade sanctions for a two years period on Glavkosmos, a Russian space trade company, and the Indian space Research Organization for a deal that would provide Russia Research Engines and production technology with military application to India. Washington argued that technology could be used in the Agni Programme and therefore violated missile technology control regime guidelines. India claimed that technology would only be used for non-military satellite launches.<sup>22</sup>

During the summit meeting between the Indian Prime Minister P.V. Narsimha Rao and President Clinton in May 1994, both leaders agreed that the most acceptable method would be to change the agenda from a bilateral one to a larger multilateral form to endorse the proposed global comprehensive ban on nuclear tests and fissionable weapons productions, both issues which India supports.<sup>23</sup>

Rao in his speech to the Congress, favoured starting with a global agreement on no first use of nuclear weapons. The ultimate goal would be on elimination of nuclear weapons and a ban on missile testing and development.

## **Indian Response**

India's response to the continued pressure to sign the NPT in the post Cold-War would reflect a continuation of the Principled adherence to comprehensive global disarmament along with a pragmatic approach of keeping the nuclear options open as an assertion of its national sovereignty.

Before giving into the details of Indian response to recent US initiatives, it would be relevant to note that:

- India, even more than the United States has been committed to non proliferation of weapons of mass destruction.

- At the same time there has been a substantive difference in approach to the very issue, especially towards nuclear weapons and long range missiles. This, in the past has constituted a notable source of friction between the two countries.
- India's security is adversely affected by both the Chinese and Pakistani nuclear symmetry, in fact, places Indian security interests in serious jeopardy.
- India needs to seek into cooperation to work for denuclearization at least of non strategic weapons) of Asian and the catigums oceans (out of a distance of 5,550 km.) in order to move the more immediate threat and danger of nuclear weapons in the region. This would naturally be an interim measure in working towards complete nuclear disarmament.
- The proliferation of ballistic and crises missiles also leaves India with no option but to develop its own missile capability to provide an effective defence through strategic deterrence at the same time there is need to work for universal elimination of missile of ranges in excess of 30 – 50 km.<sup>24</sup>
- The Indian responses to the US initiatives have largely addressed itself to the discriminatory nature nuclear of the treaty and the relationship defined by the divergent security perceptions of both countries.

According to Indian strategic Analysts the debate on the question of nuclear weapons versus national security in the third world countries has two dimensions more broad and realistic dialogue may themselves as well as with great powers. A country like India or Brazil is greatly influenced by its regional atmosphere and security imperations rather than that will be the reaction of the world of it decides to go nuclear. The widely prevalent view is that the technical fixes coupled with the denial of economic assistance and other developmental aid can dissuade a country from going nuclear. The analogy of how the erstwhile USSR, the UK, France and China taken the

nuclear decision even when they were under pressure makes it clear that external pressure does not have only limited effects.<sup>25</sup>

Referring to the attempt by western Nations to make India a signatory to the NPT, Cecil vector contends that the logic of strategic consensus epitomizes the utterly discriminatory nature of the nuclear milieu. India's nuclear dilemma is genuinely moral . Having pleaded to the world to disarm and destroy nuclear stockpiles, it would be difficult for any Indian leader to order the manufacture of an atom bomb.<sup>26</sup>

In this context some strategic analysts have suggested some policy imperatives in a comprehensive manner :

1. Mature, stable and pray metric policy options for govt. if perceptives are indication of exercising the nuclear option.
2. High light the problem areas in assuming nuclear stance thus providing parties pointers for adaptation of pacific policies So as to arrive at a comprehensive organization that would given credibility to the possession of nuclear weapons.
3. Indicate the areas in which urgent steps must be taken to achieve technological self sufficiency other than nuclear weapons production.
4. An Analysis of doctrinal options relevant to India's security needs and the structuring of a credible and cost effective military organ.<sup>27</sup>

India has consistently called for all nuclear weapons states to join in a truly multilateral nuclear disarmament effort. India has ever suggested a time bound action plan to help this endeavours, with a set of matching obligations on the part of nuclear weapons states to undertake negotiations aimed at eliminating nuclear weapons, and undertaking by threshold states not to cross the threshold. Despite demonstrating nuclear capability in 1974, India's record is not weaponizing the option since then there has been exemplary and stands at as a Singular example of unwavering restraint in the atomic age.<sup>28</sup>

During the US Deputy Secretary of State Strobe Talbott's visit to India in April 1994 and the subsequent visit of P.V. Narasimha Rao to the US in May 1994, a perceptible change in the US Policy orientation towards non proliferation issues were evident. The US objective, under the new approach on the nuclear issue in the region are :

- First to cap, then over time reduce and finally eliminate the possession of weapons of mass destruction.
- A unilateral or regional cut off of fissile material production.
- A regional agreement not to conduct nuclear detonations and placing safe guards on a new and existing nuclear facilities.<sup>29</sup>

Brahma Chellaney pointed out that the starting US pressure to other, the test launch of Agni Ballistic Missile in May 1989 and the subsequent efforts to showdown the Indian IRBM Programme reflected the increasingly assistance US non proliferation role and the kind of potential hurdle India is likely to face in the future. In spite of all the differences there is a parallel and paradoxical prospect for US India cooperation on non proliferation issue – underscored by India's emergency as a second tier supplier. The US faces a painful policy dilemma; it can not pursue an effective non proliferation strategy without receiving cooperation from a country like India that itself has been a major target of western technology control regime. On the other hand, India's own long term security interests demand that it contribute to non proliferation by seeking to deter the spread of mass destruction weapons to countries in the middle east and Indian Ocean Region.<sup>30</sup>

Nuclear proliferation remains the pinnacle of interests and concern of the U.S. Policy. No new states has openly joined the Nuclear Club since the creation of the Nuclear Non Proliferation Treaty (NPT) in 1968, the recent addition of South Africa, the People's Republic of China (PRC), and France suggest that the region will be excluded when the treaty is up for review in 1995.<sup>31</sup>



If the US seeks permanent extension of the NPT in 1995 while also asserting its right to possess nuclear weapons in perpetuity, it may find that the Cold War vintage bargain on nuclear weapons is no longer sustainable within the international community. Some States may opt to build nuclear bombs as a way to gain states in an international system dominated by nuclear powers, essentially as a potentially response to a political act by the US and almost without attentions to local consequences. Thus, US efforts to further delegitimise nuclear weapons and shrink its own desire.<sup>32</sup>

The trend towards seeking an indefinite extension of the NPT into perpetuity can only make the goal of complete nuclear disarmament more opaque. The NPT emerged from a unanimously adopted resolution that called for the elimination of nuclear weapons. Making an interim arrangement permanent would be repugment to the conscience of the international community. The NPT Review and Extensive Conference in 1995 is a opportunity for states to Ponder the future of Nuclear Proliferation. The world requires a nuclear non proliferation consensus based on the twin pillars of universally and non discriminative and the 1995 conference can help as a forum for this consensus to emerge.<sup>33</sup>

## **India's Nuclear Evolution**

On May 11 and 13, 1998, India conducted a total of five underground nuclear tests, breaking a 24 year old self imposed moratorium on nuclear testing. The tests, which appear to have completely surprised the U.S. intelligence and policy community set off a world wide storm of protest. President Clinton announced on May 13, that he was imposing wide ranging sanctions mandated under U.S. nuclear non proliferation legislation. Japan and other nations joined the United States in expressing their dismay and condemnation of the tests.

Although the Indian government gave concern about the detoreating security and nuclear environment, “as its reason for testing, many observers believe that domestic political factors may have been responsible for at least the timing of the tests, the current Bhartiya Janta party (BJP) government is a weak coalition of 13 disparate parties, in power only since late March, following inconclusive parliamentary elections by rallying strong national sentiment that supports development of India’s nuclear programme.

According to the Indian government, the three nuclear tests conducted on May 11 included a fission device, a low yield device, and a thermonuclear device. Two days later, India announced that it had conducted two additional nuclear tests, each with a yield a less than one kiloton. Many analysts believe that the size and type of weapons tested hold significant implications for India’s future intentions, including the likelihood of additional tests, as well as for threat for threat perceptions by China and Pakistan. Analysts also note that these tests validate past intelligence estimates that India has conducted a wide spectrum of nuclear weapons research spanning several decades.

The U.S. response to India’s nuclear tests thus far has centered on the importion of wide ranging sanctions under the Arms export control Act and other legislation. Major aspects of the sanctions include : termination of U.S. development assistance to India; termination of U.S. Government sales of defence articles and service, termination of foreign military financing, denial of credit guarantee, or other financial assistance by the U.S. Government opposition to loans or assistance by any international financial institution, Prohibition on U.S. bank loans or credit to India; and Prohibition on exports of “specific goods and technology”. The Administration reportedly is reconsidering President Clinton’s trying to South Asia, scheduled for late 1998. S. Res. 227 (Feinstein), submitted May 12, expressed the sense of the senate regarding India’s May nuclear tests and resolved that the senate condemn the Government of India’s decision to tests in the strongest possible terms.

The Clinton Administration imposed the mandatory sanctions and mobilized other nations, in particular Japan, to cut economic assistance to India. Although France and Russia were more sympathetic to India, they could not stand in the way of the United States creating an International Framework in the form of the unanimous United Nations security council Resolution 1172 on June 11, 1998 that laid down a full set of markers for India including the signing of the Nuclear Non-proliferation Treaty and the addressal of the “root cause” of Indo-Pak tensions, the Kashmir dispute. And during his travel to China in June 1998, where Clinton announced a new strategic partnership with China, and condemned the nuclear proliferation in the sub continent, the worst fears of those Indians who believed nuclear tests might be counter productive appeared to come true. India was under U.S. and Japanese sanctions, the UNSC had put in a resolution under chapter seven that was mandatory and non compliance could lead to collective international measures. On top of it, the UNSC Res. 1172 seemed to open the door for the dredged “Internationalizations” of the Kashmir dispute and UN intervention in Kashmir, which Pakistan had long sought. And the apparent Sino – American convergency of interests in putting nuclear India down appeared to be the last straw.

Having defined a set of outcomes from India, the United States was ready to directly engage India. Within a month of the nuclear tests there was a tentative contact between the U.S. Deputy Secretary of State strobe Talbott and the Deputy Chairman of the Planning Commission, Jaswant Singh, the two leaders agreed to initiate a dialogue to reconcile India’s Security concerns with the non proliferation objective of the United States. Talbott insisted that the U.S. was not looking for a “deal” that would find the way out of the apparently irreconcilable objectives of India and the United States the U.S., he said, was looking for Indian compliance with five bench marks derived from the UNSC 1172. There were signatures on the CTBT, joining the negotiations on the fissile material cut off-treaty, tightened Indian controls

over the exports of sensitive technologies and commodities, adoption of non threatening nuclear weapons posture, and reducing Indo Pak Tensions through dialogue. Singh too suggested that he was not in talks with Mr. Talbott to work out a “compromise” which would demean India. New Delhi was engaging Washington to make it appreciate India’s security concerns.

Singh and Talbott began to meet frequently almost every month until early 1999. While neither side would acknowledge they were in search of a political deal, that is precisely what the talks were about the United States was looking for legally binding restraints on Indians nuclear programme that would limit its size and sophistication. Washington was neither willing to give up its political opposition to India’s nuclear weapons programme nor would it legitimize it by accepting the new reality. In return for India’s acceptance of limits on its programme, Washington was willing to ease some of the sanctions that were imposed India, on the other hand, declared that by its own violation, it had no interest in pursuing an untrammelled nuclear weapons programme and it was interested only in a limited credible deterrent that would be guided by a “no first use” policy. India was also willing to consider binding constraints on its nuclear programme, but was unwilling to accept any suggestion of its roll back. In return for its restraints India wanted an American political acknowledgement of its nuclear weapons capabilities and the removal of all sanctions against India, including those technology restrictions imposed after the first nuclear test of May 1974 and not just those that followed Pokharan II.

The essence of the deal boiled down to an Indian adherence to the CTBT, which was so emblematic to the Clinton Administration’s arms control policies in return for a substantive easing of U.S. sanctions against India. In interviews given to the author within a span of a few weeks, Singh and Talbott hinted at how far the two sides had gone in making towards nuclear accommodation. Mr. Singh in his interview at the end of 1999.<sup>34</sup> hinted at the possibility of India signing the treaty while holding back on the

satisfaction of the treaty and distanced the government from some of the more expansive plans for the Indian nuclear weapons programme of the Draft Nuclear Doctrine that was issued by the National Security Advisory Board. Talbott on the other hand, suggested the U.S. while disagreeing with the Indian decision to go nuclear would not insist on India joining the NPT and gave up the nuclear weapons that is permitted by the CTBT<sup>35</sup>. After many rounds of dialogue, India and the U.S. appeared close to clearing a deal, but in the end it could not be consummated. In India, the governments efforts to build a consensus on signing the CTBT did not take off, thanks to the appearance of a rapid turnaround in the Indian position. Getting the political establishment to agree to sign the CTBT foundered amidst the refusal of the U.S. Senate to consider the satisfaction of the Treaty. In the United States, there was a strong reluctance within the non proliferation establishment to lift the many high technology sanction that had accumulated, the arms control community in the U.S. was dead set against being seen as rewarding India for its violation of nuclear non proliferation norms.

Despite the failures to conclude a nuclear understanding, President Clinton chose to go ahead with his visit to India in March 2000 and begin the process of a Political rapprochements with New Delhi. India's campaign with the political establishment in Washington against the policy of not engaging India was beginning to pay off President Clinton himself moved from a position of punishing India for its nuclear transgressions to one of building a new partnership despite the continuing differences over the nuclear issue. In his address to the Indian parliament on March 22, 2000 President Clinton went into an extended critique of India's decision to go nuclear. But the tone was respectful and gave the sense of a debate among equals. But he went beyond that critique and unvested a future vision of Indo-U.S. relations that was appeal and warm the Clinton major was such that the entire Indian Parliament, for long the deepest sceptic of American intentions towards India was swooning over the American President Clinton had transformed in one

speech, the atmosphere of 'Indo US relations, the long accumulated bitterness in bilateral relations was finally beginning to yield to a framework in which the two sides could engage each other despite strong differences.

But as it turned out the nuclear reconciliation was not to be completed during the Clinton Administration. President Clinton transferred the political contact of the relationship but there was a no cutting of the Gordian knot of the nuclear differences. Despite the senate refusal to rectify the CTBT, the Clinton Administration continued to hope for an Indian signature on the treaty. Weighed down by the non proliferation Lobby's pressures, the Clinton Administration continued to insist right till the very end of its term that the full potential of Indo U.S. relations "would not be realized "Until India met the nuclear benchmarks." In other words, while nuclear differences were set aside, they did not disappear relations. Crucial technology sanction imposed after 1974 and 1998 remained in place. It was only with the advent of the republicans to power in 2001 that created the basis for nuclear reconciliation.

The Clinton Administration talked metaphysically about a dog house and a club house in thinking about India and non proliferation. The U.S. saw Jaswant Singh's interest in taking India to the nuclear club house, or the recognition one way or another of India's new standing as a state in possession of nuclear weapons. Talbott and his non proliferation advisers, especially Robert Einhorn, refused to countenance any such move on the part of the United States. While they recognized the problem of leaving a billion people armed with nuclear weapons in the nuclear dog house, Talbott and his colleagues were not ready to let India into the nuclear club house. That would have to wait until the advent of the Bush Administration.

## **An Overview**

Policy analysts consider the apparent arms race between India and Pakistan posing the most likely prospect for the future use of nuclear weapons. Proliferation in South Asia may be part of a chain of rivalries – India seeking to achieve deterrence against china, and Pakistan seeking to gain an “equalizer” against a conventionally stronger India. India currently is believed to have enough fissile material for 75 -100 nuclear weapons; Pakistan is thought to have approximately half that number. Both countries have aircraft capable of delivering nuclear bombs. India’s military has inducted short and intermediate range ballistic missiles, while Pakistan itself possesses short and medium range missiles (allegedly acquired from China and North Korea. All are assumed to be capable of delivering nuclear warheads over significant distances. In May 1998, India conducted five underground nuclear tests, breaking a 24 year, self imposed moratorium on such testing. Despite international efforts to dissuade it, Pakistan quickly followed. The test created a global storm of criticism, and represented a serious set back for two decades of U.S. nuclear non proliferation efforts in South Asia. Following the tests, President Clinton imposed full restrictions on non humanitarian aid to both India and Pakistan as mandated under section 102 of the Arms Export Control Act. Almost immediately, congress acted to ease restriction in some areas. In September, 2001, President Bush increased remaining sanctions on India Pursuant.

In August 1999, a quasi governmental Indian body released a Draft Nuclear Doctrine for India calling for a “minimum credible deterrent” (MCD) based upon a triad delivery systems and pledging that India will not be the first to use nuclear weapons in a conflict. (Islamabad has made no comparable public declaration, but it also seeks to maintain in an MCD while rejecting a no first use pledge). In January 2003, New Delhi announced creation of a Nuclear Command Authority. After the body’s first session in September 2003, participants vowed to “consolidate India’s Nuclear deterrent

Muslims

“and review the readiness of its strategic forces. As such, India appears to be taking the next step towards operationalizing its nuclear weapons capability.

During the 1990s, the United States Security focus in South Asia sought to minimize damage to the non proliferation regime, prevent escalation of an arms and / or missile race, and promote Indo Pakistani bilateral dialogue. In light of these goals, the Clinton Administration set forward five key “bench marks” for India and Pakistan based on the contents of U.N. Security council Resolution 1172 (June 1998) which condemned the two countries’ nuclear tests.

Progress in each of these areas has been limited, and the Bush Administration makes no reference to the bench mark frame work. Neither India nor Pakistan has signed the CTBT, and both appear to be continuing their production of weapons – grade fissile materials. (India has consistently rejected this treaty, as well as the NPT, as discriminatory, calling instead for a global nuclear disarmament regime. Although both India and Pakistan currently observe self imposed moratoria on nuclear testing, they continue to resist signing the CTBT – a position made more tenable by U.S. senate’s rejection of the treaty in 1999), the states of weaponization and deployment is nuclear, though there are indications that this is occurring at a slow, but steady pace. Aside from security concerns, the governments of both countries are faced with the prestige factor attached to their nuclear programmes and the domestic unpopularity of relinquishing what are perceived to be patent symbols of national power. Early optimism in the area of export controls waned and then nearly vanished as it became apparent in later 2003 that Pakistanis were involved in the export of WMD materials and / or technologies. Some observers have lately called for a new U.S. approach that would provide technical assistance in enhancing the security of any WMD materials in South Asia. Through a series of legislation measures, Congress lifted nuclear related sanctions both on India and Pakistan. Among the concerns voiced by some members of Congress was that there continue to be



“Contradictions” in U.S. non proliferation policy towards South Asia, particularly as related to the U.S. Senate’s 1999 rejection of the comprehensive Test Ban Treaty and indications that the Defence Department may continue to develop low yield nuclear weapons.

Unlike U.S. Pakistan military ties, which date back to the 1950s, security cooperation between the United States and India is in the early stages of development. Since September, 2001, and despite a concurrent U.S. rapprochement with Pakistan, India U.S. Security cooperation has flourished. Both countries acknowledge a desire for greater bilateral security cooperation and a series of measures have been taken to achieve this. Joint steering groups between the U.S. and Indian armed services hold regular meetings. The India U.S. Defence Policy Group (DPG) – moribund since India’s 1998 nuclear tests and ensuing U.S. sanctions – was revised in late 2001. An August 2003 session of the DPG reviewed accomplishments since the previous meeting in May 2002 and set plans for a missile defence workshop in India, among other activities. A June 2004 session led government some analysts have lauded increased U.S. India security ties as providing potential counter-balances to growing Chinese influence in the region.

Since early 2002 and continuing to the time of this writing, the United States and India have held numerous joint exercises involving all military branches. Unprecedented advanced air combat exercises took place in June 2003 and provided the U.S. military with its first look at the Russia built Su-30 MKI, among the most capable fighter aircraft in its class (mock air combat over India in February 2004 saw Indians plot in late model Russian built fighters defeat American F-15Cs). In September 2003, U.S. and Indian special forces soldiers held a two week joint exercise near the India China border, and the largest ever “Malabar 2003” Joint naval exercises off the Southern Coast of India included an American nuclear submarine in the cooperative Cope Thunder Exercises in Alaska. Despite these developments, there remain indications that the perceptions and expectations

of top U.S.A and Indian military, leaders are divergent on several key issues, including India's role in the Persian Gulf and Central Asia, approaches to continuing terrorism, and potential U.S. role in resolving the India Pakistan dispute. Moreover, the existence of a non-proliferation consistency in the United States is seen as a further hindrance to more fully developed military to military relations.

Along with increasingly visible military to military times, the issue of U.S. arms also to India has taken a higher profile. In February 2002, Congress was notified of the negotiated sale to India of 8 counter battery radar sets (or Firefinder" radars) valued at more than \$ 100 million (the following September, arrangements were made for the sale of four additional sets). Two of these were delivered in July 2003. In July 2004, Congress was notified of a possible sale to India involving up to \$ 40 million worth of aircraft self protection system to be mounted on the Boeing 737, that carry the Indian head of state. The state department authorized Israel to sell to India the jointly developed U.S. Israelis Phalcon Airborne early warning system, a \$ 1.1 billion assets that some analysts believe may tilt the regional possess an extensive list of desired U.S. made weapons, including P 3 Orion maritime patrol aircraft, PAC 3 anti missile systems, and electronic warfare systems. The United States may provide Indian security forces with sophisticated electronic ground sensors that may help stem the tide of militant infiltration in the Kashmir region. Still, some in India consider the United States to be a "fickle" partner that may not always be relied upon to provide the kinds of reciprocity, sensitivity, and high technology transfers sought by New Delhi.

In a controversial turn, the Indian Government has sought to purchase a sophisticated anti missile platform, the arrow weapon system, from Israel. Because the United States took the lead in the system's development, the U.S. Government has veto power over any Israeli export of the Arrow. Although U.S. Defence Department officials are seen to support the sale as messing with President Bush's policy of cooperating with friendly countries on missile

defence, state Department officials are reported to opposed the transfer, believing that it would send the wrong signal to other weapons exporting states at a time when the U.S. interest in maintaining a strategic balance on the sub-continent, alongwith U.S. obligations under the missile Technology control regime, may preclude any approval of the Arrow Sale.

Joint U.S. India military exercises and arms sales negotiations have caused disquiet in Pakistan, where there is concern that the developments will strengthen India's position through an appearance that Washington is siding with India. Islamabad is concerned that its already disadvantageous conventional military status vis-à-vis New Delhi will be further eroded by India's acquisition of additional modern weapons platforms such as the phalcon and Arrow. Infact, numerous observers have noted what appears to be a Pro-India drift in the U.S. Government's strategic orientation in South Asia. Yet the limited state regularly lands Pakistan's role as a key ally in the U.S. led counter terrorism coalition and assures Islamabad that it will take no actions that disrupt strategic balance on the sub-continent.

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## **Chapter - 4**

### **New Dimensions in the Indo-U.S. Relations**

#### **India - US Relations and Bilateral Issues:**

President Clinton in a message on the occasion of the 50<sup>th</sup> Anniversary of India's Independence said that India and the US must work more closely than ever in a way that would benefit the two of the world's greatest democracies. He said that both countries must re-double efforts to strengthen peace, stability and democracy in South – Asia and around the world. Prime Minister had a very Cordial meeting with the President Bill Clinton in New York in September 1997 at which the US President showed keen interest in deepening relationship with India.

The US Secretary of State, Madeline Albright visited Delhi in November 1997 and held extensive discussions with the PM on important bilateral, regional and international issues. US commerce Secretary, William Daley visited India for nearly two weeks with a sizable trade delegation to India during December 1997. At the official level, US under secretary of state for Political Affairs, Thomas Pickering and Assistant under secretary for south Asian Affairs, Karl Inderfurth held wide ranging discussions with the Indian officials in Delhi. President Clinton himself was scheduled to visit India in February 1998. It has been indicated that the visits would now be rescheduled at a convenient time in 1998 after the Lok Sabha election in February 1998.<sup>1</sup>

Visits from the members of US senate and congress continued during the year. Congressman Benjamin Gilman, Chairman, House International Relations Committee led a 22 member congress delegation to India from August 14-18, 1997. Senator sam Brownback, Chairman of the key Near-East and South Asian Affairs sub-Committee of the senate Foreign Relations

Committee alongwith several prominent congressman visited India for the funeral of Mother Teresa from September 13-14, 1997. After the funeral the, delegation called on the President and Prime Minister besides meeting the foreign secretary, Mrs. Hillary Clinton also Mother Teresa's Funeral. A 6-member American Jewish Committee delegation led by Mr. Robert S. Rifkind visited India from December 18-27, 1997 with a view to promote Indo-US relations.<sup>2</sup>

The Government of India and the USA signed an Agreement on 1<sup>st</sup> November, 1997 to increase the maximum length of visas for ten years of tourists, temporary visitors and business visas – An Investment Agreement was also signed during the visit of US secretary of state. The US Administration impored export carbs on the Bhaba Atomic Research Centre, Indira Gandhi Centre for Atomic Research and Indian Rare Earths Limited for their alleged involvement in weapons of mass destruction or missiles used for delivery. The US had earlier taken similar action against Bharat Electronics Limited of Bangalore. Subsequently, the Federal department removed sanctions against seven of the nine Bharat Electronics Ltd. Units two BEL units in Hyderabad and Bangalore still continue to be under scrutiny.<sup>3</sup>

The United States seeks to prevent the proliferation of nuclear weapons and Ballistic missile in South Asia. Both India and Pakistan have resisted US and international pressure to sign the major non-proliferation treaties. In May 1998, India and Pakistan conducted unannounced nuclear tests that evolved international condemnation. Wide ranging sanctions were impored on both countries as mandated under the Arms Export Control Act, but were lifted through congressional-executive cooperation from 1998-2000.<sup>4</sup>

The United States supports India's efforts to transform its once quasi-socialist economy through fiscal reform and market opening since 1991, India has been taking steps to reduce inflation and the budget deficit, privatise state-owned industries, and reduce tariffs and licensing controls. Coalition



governments have kept India on a general path of economic reform, although there continues to be US. Concern that movement has been slow and inconsistent. Plans to expand US-India high-technology trade and civilian space and civilian nuclear co-operation have become key bilateral issues in the recent years. <sup>5</sup>

US and congressional interests in India cover a wide spectrum of issues, ranging from the militarized dispute with Pakistan and weapons proliferation to concerns about human rights and trade, and investment opportunities. In the 1990s, India-US relations were particularly affected by the demise of the soviet union – India's main trading partner and most reliable source of economic assistances and military equipment for most of the cold war – and New Delhi's resulting need to diversify its international relationships. Also significant were India's adoption of sweeping economic policy reforms beginning in 1991, a deepening bitterness between India and Pakistan over Kashmir, and India's growing pre-occupation with China as a potential long-term strategic threat. With the fading of cold war constraints, the United States and India began exploring the possibilities for a more normalized relationship between the world's two largest democracies. A visit to the United States by Indian Prime Minister P.V. Narasimha Rao in 1994 marked the onset of improved Indo-US relations. Rao addressed joint session of congress and met with President Clinton. Although discussions were held on nuclear non-proliferation, human rights and other issues, the main focus of the visit was rapidly expanding Indo-US economic relations throughout the 1990s, however, regional rivalries, separatist tendencies and sectarian tensions continued to divert India's attention and resources from economic and social development. Fall out from these unresolved problems – particularly nuclear proliferation and human rights issues created serious irritants in bilateral relations. <sup>6</sup>

President Clinton's visit in March, 2000 to India represented a major U.S. initiative to improve cooperation across a broad spectrum, including

economic ties; regional stability nuclear proliferation concerns; security and counter – terrorism; environmental protection; clean energy production; and disease control. Clinton and Indian Prime Minister Atal Bihari Jajpayee agreed in a vision statement to institutionalize dialogue between the two countries through a range of high-level meetings and working groups on the various areas of cooperation, capped by regular Bilateral Summits” between the leaders of the two countries. Economic ties were a major focus of Clinton’s visit, during which US companies signed agreements in \$4 billion in projects with Indian and Bangladeshi firms. Clinton also announced \$2 billion in government financial support for US exports to India through the US Export Import Bank. To further expand bilateral economic cooperation, the United States and India agreed to establish working groups on trade; clean energy and environment; and science and technology. US – India agreements also were signed on environmental protection, clean energy production, and combating global warming. The President also lifted sanctions on some small US assistance programmes, including a US Agency for International Development Initiative to provide technical assistance to strengthen Indian financial markets and regulatory agencies. On the social welfare side, US India cooperation agreements were signed on efforts to combat Polio, Tuberculosis, Malaria and HIV/AIDS, as well as the trafficking of women and children in South Asia.<sup>7</sup>

During his 10 day visit to the United States in September 2000, Indian Prime Minister Vajpayee addressed a joint session of US congress and was the guest of honor at a state dinner at the White House. During the course of the Prime Minister’s visit to Washington, US officials announced \$900 million in Export-Import Bank Financing to help Indian businesses Purchase US goods and services. US companies also signed agreements to construct three large power projects in India, valued at \$6 billion, as part of increased energy cooperation between the two countries. On September 15, President

Clinton and Prime Minister Vajpayee signed a joint statement agreeing to cooperate on arms control, terrorism, and AIDS.<sup>8</sup>

### *Reduce bilateral tensions, including Kashmir*

Beginning in 1990 – with the increasing friction between Indian and Pakistan over Kashmir – the United States strongly encouraged both governments to institute confidence building measures in order to reduce tensions. Measures agreed to so far include: agreements on advance notice of military movements; establishments of a military commander “Hotline”; and exchange of lists of nuclear installations and facilities; agreement not to attack each other’s nuclear facilities; a joint ban on use and production of chemical weapons; and measures to prevent air space violations. In February 1999, Prime Minister Vajpayee took an historic bus ride to Lahore, Pakistan, to hold talks with the then Prime Minister Nawaz Sharif. The two leaders signed the Lahore Declaration in which they agreed to intensify efforts to resolve all issues, including Jammu and Kashmir and to take a number of steps to reduce tensions between their countries. The promise of the Lahore Skirmish near Kargil in May-July 1999.<sup>9</sup>

### **Challenges on the Road Ahead**

President Clinton made it clear in his speech to parliament and in his private discussions with the Indian leadership the view that India’s May 1998 tests were a mistake – a mistake not just for the world non-proliferation regime but in the end, more so for India’s security interests. India is not more secure today than it was in April 1998 and some, even in India, would argue that it is less secure. But he also made it clear that it is up to India and Indians to make the decision on how they will proceed in this arena. It will not be an American imposed view. It is a decision that Indians need to make. We cannot undo the past nor can we make India’s decisions forward into the future but we can have a dialogue in which we try to jointly reason together

on what the appropriate steps are. This is the same message President delivered in Islamabad to the Pakistan leadership and people.<sup>10</sup>

The second very tough issue between two countries that is both a challenge and an opportunity is how India deals with its neighbour to the west, Pakistan and how it deals with the future of the Kashmir dispute. The President spoke to this issue during his visit and his message was the same in New Delhi as it was in Islamabad. We outlined our policy as four “R’s”---- restraint by both sides, Respect for the line of control, Rejection of violence and Renewal of dialogue. Above all, there can be no military solutions to the problems between India and Pakistan, neither in terms of the movements of borders, nor on the imposition of borders solely by military force. Only through dialogue and respect for human rights can these relations be improved.<sup>11</sup>

Since the President’s visit, India has taken a series of modest, but I think, quite important steps to signal its desire to find a resolution to its long standing quarrel and to find a dialogue with those in Kashmir who have rejected Indian rule. We believe that at the right time, India should resume its own bilateral dialogue with Pakistan. We have made it clear that the United States will not mediate this dispute because India asks us not to do so. But at the same time, we ask India to take steps directly with Pakistan and with the Kashmiri people to address the issues that divided them. At the end of the day, India needs a healthy relations with Pakistan more than the United States. It needs a peaceful and prosperous Kashmir more than the United States does. Foreign Minister Jaswant Singh has told US eloquently many times that US can not change geography. The vision that took Prime Minister Vajpayee to Lahore more than a year and a half ago is still the right vision – one of trying to find ways to unite the peoples of south – Asia in pursuit of peace and Prosperity.<sup>12</sup>

During the 1990s, the United States security forces in South-Asia sought to minimize damage to the non-proliferation regime, prevent

escalation of an arms and missile race and promote Indo-Pakistani bilateral dialogue. In the light of these goals, the Clinton Administration set forward five key “benchmarks” for India and Pakistan based on the contents of UN security council Resolution 1172 (June 1998) which condemned the two countries’ nuclear tests. There were: <sup>13</sup>

1. Signing and satisfying the comprehensive Nuclear Test Ban Treaty (CTBT);
2. Halting all further Production of fissile material and participating in Fissile Material Cut-off Treaty negotiations;
3. Limiting development and deployment of weapons of mass destruction (WMD) delivery vehicles;
4. Implementing strict export controls on sensitive WMD materials and technologies;
5. establishing bilateral dialogue between India and Pakistan to resolve their difference.

In a controversial turn, the Indian Government has sought to purchase a sophisticated anti-missile platform, the Arrow weapon system from Israel. Because the United States took the lead in the system’s development, the U.S. Government has veto power over any Israeli exports of strategic orientation in South-Asia. Yet the United States regularly lauds Pakistan’s role as a key ally in the US<sup>14</sup> led counter-terrorism coalition and assures Islamabad that it will take no actions that disrupt strategic balance on the sub-continent. <sup>15</sup>

### *Regional Dissidence and Human Rights*

As a vast mosaic of ethnicities, languages, cultures and religions, India can be difficult to govern. Internal instability resulting from diversity is further complicated by colonial legacies such as International borders that separate members of the same ethnic groups creating flashpoints for regional dissidence and separatism. Kashmir and Assam are two regions that continue

to suffer from violent separatist campaigns; Punjab saw significant struggle in the 1980s. The remote and underdeveloped northeast of India is populated by numerous ethnic and religious groups, both tribal and non-tribal. Migration of non-tribal peoples into less populated tribal areas is at the root of many problems in that region. Insurgents also have created international tensions by operating out of neighbouring Bangladesh, Burma, Bhutan, and Nepal.

### *Gujarat*

Gujarat is a relatively prosperous western state on the Arabian-sea. In February 2002, a group of Hindu activists returning by train from the city of Ayodhya – site of the razed 16<sup>th</sup> century Babri Mosque and a proposed Hindu Temple – were attacked by a Muslim mob in the town of Godhra and 58 people were killed. In the communal rioting that followed, up to 2,000 people died, most of them Muslim. Many observers criticized the BJP led state and national governments for inaction; some even saw evidence of state government complicity in anti-Muslim attacks. Leading human rights groups have been harshly critical of the Central Government's alleged inaction in bringing those responsible to justice. The governments' inability to successfully quell violence in Gujarat led to rifts within India's BJP – led National Democratic Alliance, with secular coalition members condemning the BJP role. Some of the criticisms of the Arrow. Although US Defence Department officials are seen to support the sale as meshing with President Bush's Policy of cooperating with friendly countries on missile defence, State Department officials are reported to oppose the transfer, believing that it would send the wrong signal to other weapons – exporting states at a time when the US interest in maintaining a strategic balance on the sub-continent, along with US obligations under the Missile Technology Control Regime, may preclude any approval of the Arrow Sale.<sup>14</sup>

Joint US – India military exercises and arms sales negotiations have caused disquiet in Pakistan, where there is concern that the developments will

strengthen India's position through an appearance that Washington is siding with India. Islamabad is concerned that its already disadvantageous conventioned military status vis-à-vis New Delhi will be further eroded by India's acquisition of additional modern weapons platforms such as the "Phalcon and Arrow." Infact, numerous observers have noted what appears to be a pro-India drift in the US government's leveled by rights groups were echoed by the Indian supreme court in September 2003, when justices strongly admonished Gujarati authorities for their mishandling of attempts to prosecute some of there charged with riot-related crimes. In June 2003, a lower court acquitted 21 Hindu accused of burning alive 12 Muslims at the Best Bakery, and the Gujarati High Court later rejected a motion for a re-trial. In April 2004, the Supreme Court ordered that a new trial be held in a neighbouring state. It is hoped that a congress-led government in New Delhi will be more energetic in seeking justice in Gujarat riot-related cases.<sup>16</sup>

### *The North East*

The Kashmir region is home to India's most widely known separatist movement, but other significant and lethal internal conflicts are ongoing. Since the time of India's foundation, numerous separatist groups have fought for ethnic autonomy independence in the country's north-east region; some of the tribal struggles are centuries old. It is estimated that more than 25,000 people have been killed in such fighting since 1948. The United Liberation front of Assam (ULFA), the National liberation Front of Tripura, the National Democratic front of Bodoland (NDFB), and the National Socialist Council of Nagaland are among the groups at war with the New Delhi government (though the decades old Naga Campaign may be ending). In addition, the People's war group has for many years wrecked havoc in the southern state of Andhra Pradesh.

The state government lifted an eleven year ban on the group in preparation for expected negotiations. The affiliated moist communist Centre

has been active in West-Bengal and Bihar. Indian Government officials have at times blamed Bangladesh, Burma, Nepal and Bhutan for “Sheltering” one or more of these groups beyond the reach of Indian security forces, and accuse Pakistan’s intelligence agency of training and providing them with material support.<sup>17</sup>

## **U.S. – Economic Assistance**

The United States is the third largest bilateral aid donor to India, after Japan and Britain. According to the U.S. Agency for International Development, India has more people living in object poverty – upwards of 300 million – than do Latin America and Africa combined. From 1847 through 2000, the United States provided more than \$14 billion in economic loans and grants to India. Current USAID programmes in India concentrate on five areas given below:<sup>18</sup>

1. *Economic Growth*: Increased transparency and efficiency in the mobilization and allocation of resources.
2. *Health*: Improved overall health with a greater integration of food assistance, reproductive services, and the prevention of HIV/AIDS and other infectious diseases;
3. *Disaster management*
4. *Environment Protection*: Improved access to clean energy and water; a reduction of Public subsidies through improved cost recovery; Promoting more efficient Technology and management; and
5. *Education*: Improved access to elementary education, and justice and other social and economic services for vulnerable groups, especially women and children.

## **Reaching a New Level of U.S. – India Understanding**

As we noted earlier, the President has been looking forward to this trip since the end of his first term. Our goal now on this trip is to reach a new



level of understanding both with the Indian government and with the Indian people about the relationship between our two countries. Prime Minister Vajpayee, who interestingly was the Foreign Minister of India during the last Presidential trip in 1978, said last year that the United States and India are “natural allies,” we fully agree. Now we need to find ways to give meaning to that phrase by developing the kinds of contacts and confidences that bind nations together.

We can and we should build on the good will created after last year’s Kargil crisis when India saw that the United States would take positions on issues crucial to India on their substantive merits and could help deliver important changes that favoured Indian interests. In the last six months, secretaries Richardson and Summers, as well as deputy Secretary Talbot, and the Pacific commander in Chief, Admiral Danny Blair, have had extremely productive visits to New Delhi and have pushed the process of Indo-US dialogue along. The State Department’s special coordinator for Counter Terrorism, Mike Sheeshan, has also had an especially successful visit and has set-up a joint counter terrorism committee to work together. We feel it is now times to put our quarterback on the field, the President.<sup>19</sup>

After this trip, of course, we will need to find ways to follow up as this cannot be a one trip relationship. We are looking for ways now with our Indian partners to figure out how to institutionalize a closer relationship and to ensure that it is not another quarter century before another President visits India, and that the Indian Prime Minister come to the United States hopefully within the year. Energy cooperation, in particular, and enhanced economic ties, in general, will need to be an especially important part of this new relationship. And we are looking for ways to institutionalize that and to strengthen it, Bill Richardson in his view that will have the leading role in making that happen. Most of all, we will need our two governments to jointly lay out a vision of the future of our relationship. There will need to be a road map of how our two countries plan to work together in Asia, and in the world

as a whole. Secretary Albright and Deputy Secretary Talbot have been tasked by the President with developing such a roadmap.

But great countries also have difference and in this visit will also have to discuss those things that divide India and the United States. There still are serious differences between our countries as important issues and the most important issue on which we continue to disagree is the issue of non-proliferation, arms control, and disarmament. We believe India's nuclear tests in May 1998 were a mistake. We said that then and we continue to believe it now. We do not believe India's national security was enhanced by those tests, rather, it suffered. I think those who look back on what has happened since those tests would generally tend to agree. But as I said earlier, since those tests, we have had the closest and most serious strategic dialogue in our country's bilateral history with the possible exception of 1962 during the Chinese invasion. We still have areas of disagreement. We still have areas to work on. But we have stopped talking past each other and we have reached an agreement on road map on how to proceed.<sup>20</sup>

There was increased dialogue and engagement with the United States of America on a broad range of bilateral regional and international issues besides the continuation of the ongoing dialogue on security and non-proliferation issues. Regional developments, particularly Pakistan's armed intrusion in Kargil, the military takeover in Pakistan, the evolving situation in Afghanistan and the problem of terrorism, constituted important elements of constructive dialogue with the US the US also look steps to increase cooperation in the energy sector. There was also a useful exchange of views on WTO related issues on the context of the WTO Ministerial Meeting in Seattle from 28 November to 3 December 1999. On the other hand, the US continues to maintain many of the unilateral restrictions it imposed under its domestic law in the wake of the nuclear tests in May 1998. India also received broad support from the US congress on several issue of concern to India. Following the nuclear tests, India had decided to engage in a more intensive

dialogue with the United States. Shri Jaswant Singh, External Affairs Minister and Mr. Strobe Talbott, deputy secretary of State were designated as Representatives to conduct this dialogue.<sup>21</sup>

India and the US also had the opportunity to exchange views on issues of mutual concern during the meetings that Shri Jaswant Singh, External Affairs Minister, had with Ms. Madeline Albright, US Secretary of State, at the margins of the ARF Meetings in Singapore on 24<sup>th</sup> July 1999 and later on 24<sup>th</sup> September 1999 in New York during the opening session of the United Nations General Assembly. During their meetings, the US reiterated its desire for better relations with India. India and the US have also been engaged in consultations on the Problem of terrorism. As part of the dialogue on matters relating to terrorism, official level talks were held in Washington from September 2-3, 1999 which was followed by another round of official level talks in New Delhi on September 17<sup>th</sup> 1999. The two Governments have agreed to intensify cooperation in this area. The Indo-US Extradition Treaty, signed on 25<sup>th</sup> June 1997 in Washington, came into force after the exchange of the instruments of Ratification on 21<sup>st</sup> of July 1999 in New Delhi. The Treaty represents an important step in the law enforcement cooperation between India and USA in the area of counter – terrorism.

As a part of the process of regular consultations on bilateral, regional and international issues. Shri Brajesh Mishra, national Security Advisor, visited the US from 26-28 October 1999. The US Deputy Trade Representative, Susan Esserman visited India from 1<sup>st</sup> to 3<sup>rd</sup> November, 1999 for discussion on WTO related issues, in the context of the WTO Ministerial Meeting in Seattle. From 28<sup>th</sup> November to 3<sup>rd</sup> December 1999. the US Secretary of Energy, Mr. Bill Richardson visited New Delhi on 26<sup>th</sup> October 1999. During his visit, the US Secretary of Energy discussed cooperation in the fields of energy and environment the external Affairs Minister Shri Jaswant Singh and the US Energy Secretary also signed a Joint Statement on cooperation in Energy and Related Environmental Aspects. General V.P.

Malik, Chief of the Army Staff, visited the US from 8<sup>th</sup> to 17 November 1999 to participate in the conference of the Defense Chiefs of Asia – Pacific countries in Honolulu hosted by US commander-in-Chief of the Pacific command.<sup>22</sup>

Following the nuclear tests in May 1998, the US had imposed certain restriction measures against India. Effective from 1<sup>st</sup> December 1998, the US had partially lifted some of their restrictions till 21<sup>st</sup> of October 1999. In partial exercise of the fresh waivers authority given by the Defence Authorization Act 2000, passed by the US Congress in October 1999, the US government once again removed some of the economic restrictions with effect from 27<sup>th</sup> October 1999. However, non basic humanitarian financing from multilateral financial institutions are still subject to US restrictions. India regards these unilateral restrictions measures as unjustified and counter productive, which should be lifted in entirety several members of the US Congress, including the chairperson of the House International relations committee Mr. Benjamin Gilman, has written to the US President to remove restrictions on the US support for loans to India by the World Bank and other international financial institutions.

There was a considerable increase in bilateral dialogue between India and the US during the period January to March 2000. The dialogue on Non-proliferation, security and disarmament, which was resumed in London in Nov. 1999, was further continued from sides also had extensive discussions on counter- terrorism, the hijacking of I-C 814, regional developments and president Clintons visit to India. At London, the two sides announced the creation of Indo-US joint working group on counter- terrorism to institutionalize their cooperation in combating all forms of terrorism. The joint working group on counter- terrorism held its first meeting from February 7-8, 2000 in Washington D.C. the two countries agreed to share their expertise, experience resources and information in countering terrorism and

also agreed to work together to bring the perpetrators of the hijacking of IC-814 to justice.<sup>23</sup>

An important but widely ignored aspect of the Indo-US nuclear deal was underlined, if only inadvertently by one of its leading critics, strobe Talbot, a senior official of the Clinton Administration who engaged India after the 1998 nuclear tests, writing immediately after the nuclear deal was announced, Talbot argued, “India and the United states have both shown a *penchant for giving it alone - India in defying the International Committee* (including the US) with its tests, the Bush administration in attaching Iraq over the objection of the United Nation and may of its own closest allies. If the Indians and American versions of Unilateralism reinforce one another, it will work to the detriment of institutions like the U.N. and risk – turning treaties the NPT from imperfect but usefully mechanisms into increasingly ineffectual ones.”<sup>24</sup>

India strongly opposed attempts in the 1990, to empower the United Nations to intervene in failing states without a reference to Sovereignty. While India always mouthed the slogans of multilateralism, its conception of the United Nations remains as an “Inter-national” rather than a “Supra – national” one that liberals across the Atlantic have been clamouring for. Like all great powers, India does not want an intrusive United Nations to interface in its own internal affairs: nor would it want the United Nations to constrain Delhi’s options in dealing with security beyond its borders – Indian endorsement of the Bush Administration’s Plans for missile defence in 2001, which was greeted with dismay at home and abroad, was not a rare exception to the past norm of inevitable disagreement between New Delhi and Washington on global issues. On a range of other issues, too, whether it was the question of managing global warming or opposing the intrusive provisions of the International Criminal court, India found unexpected convergence with Bush positions, there was a time when India was among the countries which noted most often against the US at the United Nations. Even the erstwhile

with the US than India. By sheer force of habit, India might still be voting against the US on many resolutions in the UN. But on important issues there is a new convergence with the US. This congenitally had extended to many issues beyond missile defence. Take for example, the idea of Pre-emption – against terrorist groups and rogue states that could acquire weapons of mass destruction – that the Bush Administration unveiled in September 2002 amidst and international uproar. But surprisingly India was among the few countries that welcomed the notion of Pre-emption. Jaswant Singh, who was Atal Bihari Vajpayee's Foreign Minister during 1999-2002 spoke of the justification for pre-emption and India's own interest in it.<sup>25</sup>

The commander in Chief of the US Pacific command, Admiral Dennis Blair, visited India from January 8-12, 2000. This follows the visit of COAS General Malik to Washington and Honolulu in November 1999 and together represents the first steps in revitalizing Indo-US Defence contacts. The US treasury secretary, Lawrence Summers, visited India from January 17-19, 2000. Issues relating to trade and investment between the two countries, the unilateral US restrictions imposed after the nuclear tests and the resumption of the dialogue process in WTO, following the collapse of the Ministerial Conference in Seattle, were discussed with Treasury secretary.

Several US congressmen visited India in January 2000. These included influential congressmen such as Senator Tom Daschle, Senate Minority Leader; Representative Sam Gejdenson, Ranking Democrat in the House International Relations Committee; and Senator Sam Brownback, Chairman of the senate sub-committee on Near Eastern and South Asian Affairs. President Bill Clinton visited India for five days from 20<sup>th</sup> March 2000. Both sides expect that visit of the US President will pave the way for qualitative new and closer relations between the two democracies.<sup>26</sup>

We hope this Indian Government will soon sign the comprehensive test Ban Treaty, not as a favour to the United States, not as a favour for President

coming, but because it is in India's national interest and we take heart that more and more Indian leaders say that, not just in Private, but in Public. Polls consistently show that the overwhelming majority of Indians do not want to embark on a major nuclear buildup. While they support the decision to test, they do not support the decision to waste billions and billions on nuclear arms. Our senate of course made a decision to vote not to support the comprehensive Test Ban Treaty last year, but we should be pleased that in our discussions with Indian leaders, they have told us that decision does not affect their own calculus. Their calculus will be made on the basis of what is good for India, as it should be the best way for India and the United States to manage their differences on this and other issues is dialogue and engagement. Engagement must in the end be top down to be effective and that is why the President is going to India a month from yesterday.

Unfortunately, events since last summer, since Kargil, the coup in Islamabad, and the Christmas hijacking by terrorists of an Indian airlines have made worse a situation already bad. The stakes here could not be higher for American foreign Policy. Here again, we believe engagement is absolutely critical. We do not seek and we do not offer to mediate between India and Pakistan. We do not consider them to be Siamese twins that require identical treatment and need to be equated and lumped together endlessly. We have important but very different interests in each case. But we do have a vision of a better future for south – Asia and indeed all Asia. It is a vision that lies at the heart of what Prime Minister Gujral advocated and what Prime Minister Vajpayee was trying to start when he went to Lahore. It is a vision of eased regional tensions and greater people-to-people exchanges among south – Asians. We urgently need to find ways to help get back to that vision, back to the hopes and dreams that existed in Lahore, not just for India and Pakistan, but for India and all of its neighbours. For example, greater cooperation in energy development between Bangladesh's newly found large natural gas resources and eastern India could be critical to bringing the economic miracle

of India from the west to the east of the country, where so far, it has not developed.<sup>27</sup>

## **US – India relations: A Vision for the 21st Century**

Secretary of Treasury Lary summers' reports to the President was that with the right economic reforms, India could achieve sustained growth in the area of 10 percent annually in this decade which would make it not only one of the world's largest economic, but one of the world's fastest growing and the most vibrant economies.

India today is already a global player, but is will soon be a player whose influence will be felt everywhere in the 21<sup>st</sup> century on virtually every issue that matters to Americans, and to American foreign and economic policy. First, India is the world's largest democracy. That 's a phrase you hear all the time, but it is truly a remarkable thing. India has been over 50 years of democratic rule, almost alone in the newly de-colonized world. India not only has had election after election in which leader after leader have been replaced peacefully, but it has a true history of democratic institutions. Political parties come, new ones develop, old ones go away, a judiciary that works, a legislature that has real power, a press that is about as vibrant as any in the world. This is a country that is still heavily illiterate, but has voter turnout regularly of over 65 percent, a remarkable history for any country, but particularly one that only got its independence 50 years ago.

Secondly, India is an increasingly part of the world economy. By almost any measure, it is already one of the world's largest economy. And it has one of the world's largest middle classes. Estimates vary, but most seem to approach some where around 200 million. Its information technology economy is at the cutting edge of world developments. If you don't believe, ask Bill Gates. He opened up his second office outside United States in India. And others are following into the silicon valleys of South-India. Secretary of



Treasury Lary Summer's visited India in January 2000. His report to the President was that with the right economic reforms, India could achieve sustained growth in the area of 10 percent annually in this decade, which would make it not only one of the world's largest economy, but one of the world's fastest growing and most vibrant economies.

Third, even the weakness of the Indian economy – its poverty – are important to the entire world. India has more than a quarter of the malnourished children of this world. With its neighbours in Pakistan and Bangladesh, it has 500 million people under the poverty level, one in every 12 people on this planet. How those people develop, how they are brought out of poverty, will affect everyone else on this planet, because how India feeds those children, how it ends poverty, will have an immense impact on the prospects for world energy use, climate change, the global environment, and the future of Public health issues like Polio and AIDS. What happens in terms of Indian decision – making on there issues, will affect everyone else around the world.

Fourth, India is important because it will increasing be player in the balance of power, not just in its own neighborhood of South-Asia, but throughout Asia, and throughout the world. It is already becoming an increasingly pivotal with China, with central Asia, with Persian Gulf, and with South – East Asia.<sup>28</sup>

The United States and India have common interests in many of these parts of the world. We have a common interest in the stability of Asia and the stability of its sub-regions. We have a common interest in the control of terrorism and fighting the war against terrorists. We have a common interest in fighting narcotics and preventing the spread of organized criminal gangs selling narcotics. And we have a particularly important interest in the unimpeded flow of energy resources through the Indian ocean, not just to India, but to the world. Unfortunately, for most of the last 50 years, the United

States has put India at the back end of our foreign policy. The cold-war played the critical role. Our relationship was scratchy through many eras. We talked part each other – we did not talk to each other. One example is President Bush's period in the White House, which most would acknowledge was one of the busiest periods in American foreign Policy – India, according to the Index of his autobiography, is mentioned once. Those days have to end. It made some sense to put India at the back end of our foreign policy in cold-war, it makes no sense in the 21<sup>st</sup> century. It is time to recognize India as the global power and the great power and the great civilization that it is, freed from the paradigms of matchings it either to Pakistan or to china. It should be seen in its own right as a center of a major global civilization and a major global player.<sup>29</sup>

For most of the cold war, India was a bystander in American Policies concerning Asia, a reality symbolized by the fact that the State Department administered it within its near East, and did not its east Asia, bureau. Indeed, India faces in three directions at once, looking toward the north where it encounters China and Russia, the west where it adjoins the parsions and rivalries of the Middle-East, and the east where it borders the teeming populations and vast economic resources of south-east – Asia.

Throughout this period, America's relations with India suffered from the same cultural gap noted in some of its relations with the other Asian Countries. In the case of India, this seems at first sight in explicable because, on the surface, there appears to be every reason for the two countries to understand each other very well. India is a democracy, by far the best functioning and genuine free system of any of the nations achieving independence following the Second World War. Its ruling group speaks excellent English. The Indian civil service, though extremely bureaucratic and influenced by socialist theories imbibed at the London school of Economics, is one of the most effective in the developing world Atmost all of its leaders have studied in western Universities – yet Americans have, in the past, had

great difficulty in coming to grips with the way Indian leaders approach foreign policy.<sup>30</sup>

India became unified in its present dimensions because Britain gave the subcontinent, which had been hitherto to a religious, cultural and geographic expression, a homogenous structure of government, administration, and law. It brought about an Indian state organized on the basis of western liberal principles of democracy and nationhood. It saddled India as well with the issue of its Muslim population, about one hundred million of them that have remained in India after Pakistan was created during the partition. For India, the birth of Pakistan has been a challenge not only because it alienated territory Indian leaders consider part of their patrimony but also because the proposition that Muslim can not live comfortably in India is perceived as a time bomb threatening permanent civil strife. For this reason, the United States military alliance with Pakistan during the 1950s and 1960, though aimed at the Soviet Union and China, blighted American – Indian relations during the cold war.<sup>31</sup>

In fact, India's conduct during the cold war was not so different from that of the United States in its formative decades. Like the founding Fathers, India's leaders of the Nehru dynasty believed they would protect their young country best by staying aloof from quarrels not affecting its vital interests. And again like the United States, India did not apply its rejection of power to the region affecting its immediate security interests. Whatever the United States in the nineteenth century proclaimed about European power politics, it did not shrink from using force against Mexico or in the Caribbean. Nor did India hesitate to insist on its power in Sikkim, Goa, Sri Lanka, Bangladesh, and Nepal. And India has for at least twenty-five years worked on a nuclear weapons program culminating in weapons tests in 1998. When President Clinton visited India in 1999, he spoke with some eloquence on the bonds of common democratic conditions even while lecturing his hosts on the futility of their nuclear weapons program. Neither proposition is likely to form the

basis of a new relationship. India is neither about to conduct a wilsonian Policy nor will it abandon its nuclear weapons program.<sup>32</sup>

Indian foreign Policy can best be understood by analogy to the one that had been conducted when Britain governed the country. And that policy was, infact, formulated in Calcutta (the first seat of government) and then, after 1934, from New Delhi. It based Indian Security on naval supremacy in the Indian ocean, on friendly, or at least non-threatening, regimes in the area from Singapore to Aden, and a non-hostile regime at the Khyber pass and Himalayas. In north, Britain had insisted on the Mc Mohan line some distances beyond the historic boundaries between china and the Indian sub-continent. Imperial china never accepted this demarcation but was too weak to contest it. Communist china has reclaimed the tradition border and fought to achieve it in 1962. The issue is at present unresolved. In the north, in the Himalayas, the United states has no national interest to let itself be drawn into border disputes between China and India as long as neither side seeks to achieve its objective by force. This is an issue for which American should not risk its relations with either country. It is a classic case of the need to understand the limits of American interests. The relationship between China and India affects the United States only if either of their states were to dominate the other. America should avoid presenting its objections to the Indian Nuclear programme in joint forums with China – as occurred during the Clinton administration – because it must not imply a kind of nuclear tutelage over the Indian sub-continent. But neither is it in America's interests to go along with India's justification that its nuclear programme is needed to contain China.<sup>33</sup>

The Indian nuclear weapons programme, infact, became the Principal point of contention between India and the United States in the last two years of the Clinton administration. The initial American reaction to Indian nuclear testing was highly emotional. President Clinton said:

*To think that you have to manifest your greatness by behaviour that recalls the very worst events of the 20<sup>th</sup> century on the edge of the 21<sup>st</sup> century, when everybody else is trying to leave the nuclear age behind, is just wrong. And they clearly don't need it to maintain their security.<sup>34</sup>*

Any analysis must begin with the realization that nuclear competition on the subcontinent has a long history. India set off its first nuclear explosion in 1974. China tested its first nuclear weapon in 1964. In 1976, as secretary of State, I failed to dissuade Pakistan from its incipient nuclear programme. The nuclear testing thus serves to remind us that, despite the mantra of Globalization, there are geo-political-realities that over whelm fashionable reveries about universality. India and Pakistan are testing nuclear weapons because, living as they do in a tough neighbourhood, they will not risk their survival on exhortations coming from countries baring their own security on nuclear weapons. While the United States has every reason to pursue non-proliferation objectives, the Prime Ministers of India and Pakistan are equally rational in pursuing their own nuclear objectives. American Policy should therefore move from trying to pressure India and Pakistan to abandon their nuclear weapons programmes to making them partners in a regime of nuclear restraint and in easing political tension in south – Asia.

Nations have at least three motives for building nuclear weapons programme:

- The desire to be a world power based on the belief that a nation unable to defend itself against the full range of possible dangers can not be a world power. Such a nation will both acquire nuclear weapons and strive for the capability to reach any potential adversary. Anxious to preserve their special status, these states are least likely to engage in proliferation except, as in Russia,

due to a collapse of discipline. They are also least vulnerable to sanctions because the other world powers value their cooperation on other subjects – India is in this category.

- States that feel threatened by neighbours with larger populations as greater resources may see in nuclear weapons a means to pose unacceptable risks or to create a deterrent against threats to their survival. This is especially the case if the powerful neighbour has nuclear weapons. Such states could be kept from developing nuclear weapons only by a credible guarantee from existing nuclear powers, which is unlikely to be extended and less likely to be believed. Israel and Pakistan are in this category.
- Nations determined to wreck the balance of power on their regions and that see in nuclear weapons a means with which to intimidate their neighbours and discourage outside intervention. Iraq, North Korea, and other so-called rogue states are in this category.<sup>35</sup>

The American decision to risk making a nuclear exception for India was rooted in a larger appreciation of the changing nature of the global balance of power and the importance of developing an enduring partnership with New Delhi. As it became increasingly aware of its own new power potential on the global stage, India instinctively understood the prospect of accelerating its own rise through a partnership with the United States. The talk of “Shared values”--- a mere rhetorical device during the cold war to hide the absence of any substantive relationship – now reinforced the emerging strategic convergence in the early 21<sup>st</sup> century. The ideas of promoting democracy and defining a new balance of power became the drivers of a new American policy towards India.

The study pointed out that “Most forecasts indicate that by 2020 China’s gross national product (GNP) will exceed that of individual western economic powers except for the United States. India’s GNP will have overtaken or be on the threshold of overtaking European economics.” It went

on to argue that “because of the sheer size of China’s and India’s populations – projected by the US census Bureau to be 1.4 billion and almost 1.3 billion respectively by 2020 – their standard of living need not approach western levels for their countries to become important economic powers.” It also points that the importance of China and India will be determined not merely by size, but also by the fact that they are emerging as technology leaders. It argues, “the expected next revolution in high technology involving the convergence of nano-, bio-, information and materials technology could further bolster China and India’s prospects.”<sup>36</sup>

Yet, the explicit American suggestion that America would support India’s rise surprised many in the Indian strategic community. Traditionalists scared on anti-Americanism argued that the past gives no reason to believe the Rice thesis. Prickly Nationalists, on the other hand, thundered that India does not need American support to become a major power. But the few realists in India began to see the fall significance of Rice’s formulation on making India strong. K. Subrahmanyam, the doyen of the Indian strategic community, was quick to grasp the significant of Rice’s formulation.<sup>37</sup>

Recently the National Intelligence council of the US produced its forecast for 2020. It assessed that US, China and India would be among the first three markets of the world. Since wars are not no longer feasible among the major powers, the rivalry between US and China for their respective pre-eminence in the International hierarchy is not likely to be solved through war. However, there can be no doubt that the US would like to continue to be the pre-eminent national in the world.

Given the population of China and the inevitable rise in its per capita income, there is no way the US can prevent China overtaking it in the overall GDP to become the richest nation of the world. However, since the future currency of power will be the knowledge, the US does not want to forego its option of having the land in knowledge over China. Therefore, US, efforts are

concentrated on ensuring that it stays ahead of China in terms of knowledge generation – whether the rest of the world understands this as or not – in India many don't the US leadership appears to do so.

The US strategy to deal with China, which is not an adversary but a rival, is radically different from that adopted towards the Soviet Union. The strategy is not containment but its opposite, engagement. While the US avoided trade and economic links with Moscow, it is the largest trading partner of China. It has invested heavily in the Chinese economy. It has succeeded in persuading the Chinese leadership to abandon communism in economic terms.

The problems for the US with China is that it is the only major world player which does not subscribe to democracy. Its effort is to bring about china to make it accept democracy. US secretary of State Condoleezza Rice had made it clear that the US will attempt to bring china round through its own relationship with Japan, South Korea and India. Towards this end, Asia must have a balance of power in Asia, in which all major economics will be intensively engaging each other. Those who see US strategy in terms of the containment of China, especially military containment, have not understood the US strategy.

In any balance-of-power system (Like the one developing among the six power centres of the world), it is natural for powers to have different alignments with other from time to time. In any stable balance of power this will be a dynamic process. Given the preeminence of the US, the expectation will be that it would attempt to have better relations with each of the other five powers than they have with one another.

In all probability India may prefer a preeminent US to a preeminent China. People have asked whether India would lean towards China on the basis of Asian solidarity. But soon there will be a few million Indians in the



US, and it is hardly likely there would be even a few tens of thousands of Indian in China. That factor will decisively tilt India in favour of the US the time has come for the US and India to get closer and assert their natural friendship, validating what Bhishma said on his deathbed: “Circumstances determine friends and enemies.”

## An Overview

It was the US President's feeling that this part of the world had been neglected for too long, and that India, in particular, was going to be one of the great countries in the 21<sup>st</sup> century.

This has been one of the longest Presidential trips in gestation period that may not be surely in the 41 presidencies we have had since white House left Philadelphia. We have looking at going to India for almost three and a half years. Te decision to visit was made in 1997 almost immediately after the President was elected-But the long and winding, and sometimes ups and downs, road of the last three years is very illuminating in understanding why we are? And where we are today?

At the start of his second term, President Clinton asked his national security team to do a comprehensive review of American Policy towards south-Asia. It was the president's feeling that this part of the world had been neglected for too long, and that India, in particular, was going to be one of the key emerging countries of the 21<sup>st</sup> century and needed a quantum leap in its relationship with the United States. US policy towards south – Asia had been framed largely in cold-war terms and our relationship with India was very much, I think, a victim of the cold-war. The US President asked his team to come up with different vision. And so in mid 1997, US concluded that policy review.

The fundamental conclusion of the review was that American conclusion of that review was that American policy with India had to be broken from the constraints on one-issue problem – that India was just too important to be viewed solely through the prism of American non proliferation policy. While American non-proliferation policy is important, and should not be neglected, it could not be the end all-be all of US relationship with India. Rather US had in mind what we call a multi-basket



approach, in which US should deal with India across a wide range issues. Among these non-proliferation and our concerns about arms control and disarmament would be one, but economics and trade, energy, regional security, global security, the environment, climate change, everything would be on the table and US would deal with each issue without holding any one hostage to progress on others. The US first laid this approach out in New York in late 1997, at a meeting of the United Nations General Assembly where the President met with the their Prime Minister Gujral. The US also had an opportunity to lay it out with Prime Minister Sharif. Almost immediately India had new elections, and US hopes of going to India in 1998 were put on the back burner.

The election of the BJP government in 1998 gremed a new era in the Indian Politics and a new era in the way India looked at the world. Some voices were raised in academia and in the press, both here and in India, about the direction the BJP Government would take, and whether or not a dialogue could be conducted with a government perceived to be supporting something called Hindu nationalism. The US President and his team decided that the important thing was to engage and to find out the nature of the new leadership in India. In early 1998, the US – President sent then US Ambassador to the United Nation Bill Richardson to India, Bangladesh, Pakistan, and briefly Afghanistan on a mission to lay out our new vision on how this part of the world and the United states would work together in the 21<sup>st</sup> century. It seemed to be a very promising start. Among other things, Indian Prime Minister Vajpayee nominated of his closest advisors, Jaswant Singh, to be a special channel to work with the United States.

May of 1998, of course, brought India's decision to conduct nuclear tests and the new beginning in US – India relations suffered a blow. The US spent much of the next month trying to persuade Pakistan not to follow suit, but it chose to do so as well. The President had no option under the law but to impose congressionally mandated sanctions on India and Pakistan, known as

the Glenn Amendment sanctions. The relationship was back to one issue – Proliferation and arms control. There was as well quickly an international consensus that supported sanctions and asked of India strong assurances about its future policy towards tests and the development of a nuclear program/ the G8, the G9, the P5, virtually every alphabet soup of international relations stood together. The US President decided that our relationship with India was too important to languish, however, and that it was radical to find a way to overcome differences, even as large as the ones that emerged in the spring of 1998.

A new effort was undertaken by Deputy Secretary of State, Strobe Talbott, to see if US could find a common understanding, a common dialogue, and a common language with the Government of India. A member of Strobe Talbott's negotiating team over the course of the last two years because one of the most remarkable efforts in Indo-US negotiations and dialogue that has ever occurred.

Talbott team had many long rounds of discussions with our Indian counterparts, led now by foreign Minister Jaswant Singh. The U.S. met in Germany, Italy. The United Kingdom, India, Washington, New York – virtually everywhere. And from those discussions, a much improved atmosphere has emerged in Indo-US relations and much improved understanding about where each of us is coming from and the common road that both of us want to go on in the 21<sup>st</sup> century. US ceased talking past each other and around each other and we have talked to each other. The US laid out its strategic concerns on both sides in ways, which in US experience at least, are unprecedented in US – Indian dialogue.

At the same time, Prime Minister Vajpayee embarked upon a process that would take him to Lahore and dialogue with India's neighbour to the west, a dialogue that promised to bring much in terms of regional peace and stability. The US strongly supported that effort. The US saw in it the kind of

brave diplomacy that is needed as the world enters the new millennium. The President sent messages of support privately and messages of congratulation publicly to both Prime Ministers. The US President met with Prime Minister Sharif in Amman, Jordan, just before the visit to Lahore, to encourage him to grasp this opportunity. Unfortunately events intervened again to disrupt this very promising start. Lahore led not to dialogue, but to kargil and to a war in the Himalayas, a war that ended only when the President met with Prime Minister Sharif at an extra-ordinary summit at Blair house on the fourth of July, 1999. Through a long weekened a negotiations directly with Prime Minister Sharif and on the phone with Prime Minister Vajpayee, the US is able to play some role in helping these countries walk back from a conflict that was very dangerous. Kargil had a silver lining in retrospect. From it emerged the new sense of confidence between Indian leaders and American leaders, particularly between the leaders at the top, the prime Minister and the President, the National Security Advisor Sandy Berger and his Indian Counterpart Brijesh Mishra, Foreign Minister Singh, and Secretary of State Albright and Deputy Secretary of State Talbott. The reflection of the BJP Government, in 1999, finally paved the way to move forward on this much – delayed Presidential Trip.

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## **Chapter - 5**

### **The Politics of Globalization**

#### **Abstract & Introduction**

The term Globalization describes the contradictory economic, Political and cultural processes of the world capitalist integration; Although capitalism has been of a Global Character since the 1400s, the current phrase of Globalization is the manifest by emergent transitional institutions, changing relations between multinational corporations and sovereign nation– states, and the development of a Global monoculture of consumption. In order to articulate the contradictory process of Globalization.

The term globalization is increasingly used to describe the ongoing integration of the world within a capitalist political economy. Advocates of globalization point to the emergence of the “middle-class” in developing countries, economic growth within peripheral economies, the continued expansion of Global stock markets, democratization and emergence of a “Global culture” as indicators of the benefits of this process. Critics of globalization point to the rising gaps of inequality between nations and within all nations of the global economy, increased environmental degradation, especially in the developing world, the loss of sovereignty, cultural imperialism and the rise in extreme nationalism as Indicators of the downside of the process.

#### **The Dialectics of Globalization**

As man advances in civilization and small tribes are united into larger communities, the simplest reason would tell each individual that he ought to extend his social instincts and sympathies to all the members of the same nation, though personally unknown to him. This point being once reached,



there is only an artificial barrier to prevent his sympathies extending to the men of all natives and races.<sup>1</sup>

Globalization refers to a historical process which transforms the special organization of social relations and transaction, generating trans-continental or inter-regional networks of interaction and the exercise of Power.<sup>1</sup> It is possible to identify for analytical purposes different historical forms of Globalization from the epoch of world discovery in the early modern period to the present era of the neo-liberal Global Project. These can be characterized by distinctive spatio – temporal and organization attributes. Thus to talk of Globalization to acknowledge that, over the *longue duree*, there have been distinctive historical forms of Globalization which have been associated with quite different kinds of historical world order. Although contemporary Globalization share much in common with Past Phrases it is nevertheless distinguished by unique spatio – temporal and organization attributed; that is, the extensity, intensity, velocity and infact of global flows, alongside distinction patterns of institutionalization, modes of contestative, stratificative and reproductive. Moreover, since contemporary process of Globalization and regionalization articulate overlapping networks and constellations of power which cut across territorial and political boundaries, they present a unique challenge to a world order designed in accordance with the westphalian principles of sovereign, exclusive rule over a bounded territory.

Of course the character and significance of this challenge is wholly debated. For some, refused to here as the hyperglobalizers. there developments invite the demise of sovereign statehood and undermine a world order constructed upon the basis of westphalian norms. Amongst those of a more sceptical mind, Globalization is conceived as the great myth of our times; accordingly, the proposition that it prefigures the emergence of a new, less state – centric world order is dismissed.<sup>2</sup> by comparison, others argue that contemporary Globalization is reconstituting or transforming the power, functions and authority of the nation-state. For these ‘Transformationalist,’

the Globalization is associated with the emergence of a post-westphalian world order in which the institutions of sovereign statehood and political community are being re-formed and reconstituted. In this post-westphalian order, there is marked shift towards hierarchy - a divided authority system – in which states seek to share the tasks of Governance with a complex array of institutions, Public and Private, regional, transnational and Global, representing the emergence of overlapping communities of fate.

This is not the place to review the claims, counter – claims and historical evidence relating to these competing accounts; that has been accomplished elsewhere.<sup>3</sup> Rather the central task is to examine the particular pattern of contemporary Globalization in what is conceived as the key domains of power – the political, economic, cultural and the military. This exercise is a prelude to assessing the central normative, institutional, and the intellectual challenges which contemporary patterns of Globalization present to the organizing principles of existing world order; namely, sovereign statehood and political continuity. On this basis of such an assessment a taxonomy of the possible future shapes the world order will be developed.

## **Dimensions of Globalization**

Capitalism has been of a Global character since the term European began setting up colonies in the 1400s. Colonial economies were organized to suit the needs of the core countries of the capitalist world system. Although the principles of Globalization have been around for the long time. There are nonetheless several elements of Globalization that are widely accepted as separating the current phase of Global capitalist development. The increasing inter-connectedness of markets, finances, goods and services, and the growing stature of transnational corporate networks heavily influence the economic, political and cultural processes of Globalization today notes that this influence involves creating a new world market, new transnational political organizations and a new Global culture. This process of Globalization is not

linear but rather involves a dialectical relationship between its economics, political and cultural dimension that often appears contradictory.

MNCs, however, are the linchpins of the contemporary world economy. Around 44,000 MNCs account for 25-33 per cent of world output and 70 per cent of world trade. Despite regional concentrations of production, transnational business networks span the three core regions of the world economy, linking the fortunes of desperate communities and nations in complex webs of interconnectedness. Contrary to the sceptics, MNCs are not simply 'national firms with international operations' nor are they, as the hyperglobalizers argue, 'footloose corporations', which wander the globe in search of maximum profits. Rather, MNCs play a much more central role in the operation of the world economy than in the past and they figure prominently in organizing extensive and intensive transnational networks of coordinated production and distribution that are historically unique. MNCs and global production networks are critical to the organization, location and distribution of productive power in the contemporary world economy.

Despite some obvious continuities with the past, such as the lasting impact of imperial ties on European FDI and MNCs, the contemporary globalization of business and production has transformed 'what goods and services are produced, how, where and by whom'. Of course, multinational production still only accounts for a minority of total world production. Nevertheless, its growing significance has profound implications for the economic autonomy and sovereignty of nation-states, although this is mediated by national patterns of enmeshment in global production networks.

#### *(a) Political Globalization*

Economic globalization has not occurred in a political vacuum, although it is too often interpreted as if it has. Alongside processes of global economic transformation there have been parallel but-distinct political

changes. Two terms – ‘political globalization’ and ‘global politics’ - can usefully be clarified to help understand these developments. By political globalization is meant shifting processes of political power, authority and forms of rule which reach across space and time, while the term ‘global politics’ captures the increasingly extensive or ‘stretched’ form of political relations and political activity. Political decisions and actions in one part of the world can rapidly acquire world-wide ramifications. In addition, sites of political action and/or decision-making can become linked through rapid communications into complex networks of decision-making and political interaction. Associated with this ‘stretching’ is a frequent ‘deepening’ impact of global political processes such that, unlike in ancient or modern empires, ‘action at a distance’ permeates with greater intensity the social conditions and cognitive worlds of specific places or policy communities. As a consequence, developments at the global level -whether economic, social or environmental -can frequently acquire almost instantaneous local consequences and vice versa.

The idea of ‘global politics’ challenges the traditional distinctions between the domestic/international, inside/outside, territorial/non-territorial politics, as embedded in conventional conceptions of ‘the political’. It also highlights the richness and complexity of the interconnections which transcend states and societies in the global order. Although governments and states remain, of course, powerful actors, they now share the global arena with an array of other agencies and organizations. The state is confronted by an enormous number of intergovernmental organizations (IGOs), international agencies and regimes which operate across different spatial reaches, and by quasi-supranational institutions, like the European Union. Non-state actors or transnational bodies, such as multinational corporations, transnational pressure groups, transnational professional associations, social movements and so on, also participate intensively in global politics. So too do many subnational actors and national pressure groups, whose activities often

spillover into the international arena. Global politics today, moreover, is anchored not just in traditional geopolitical concerns, but also in a large diversity of economic, social and ecological questions. Pollution, drugs, human rights and terrorism are amongst an increasing number of transnational policy issues which cut across territorial jurisdictions and existing political alignments, and which require international co-operation for their effective resolution. Defense and security issues no longer dominate the global agenda or even the political agendas of many national governments. These developments, accordingly, challenge the conventional Westphalian (and realist) principles of world political order.<sup>4</sup>

Nations, peoples and organizations are linked by many new forms of communication and media which range in and across borders. The revolution in microelectronics, in information technology and in computers has established virtually instantaneous world-wide links which, when combined with the technologies of the telephone, television, cable, satellite and jet transportation, have dramatically altered the nature of political communication. The new forms of communication enable individuals and groups to 'overcome' geographical boundaries which once might have prevented contact; and they create access to a range of social and political experiences with which the individual or group may never have had an opportunity to engage directly.<sup>5</sup> The intimate connection between 'physical setting', 'social situation' and politics which has distinguished most political associations from pre-modern to modern times has been ruptured: the new communication systems create new experiences, new modes of understanding and new frames of political reference independently of direct contact with particular peoples or issues. At the same time, unequal access to these new modes of communication has created novel patterns of political inclusion and exclusion in global politics.

The development of new communication systems generates a world in which the particularities of place and individuality are constantly re-presented

and re-interpreted by regional and global communication networks. But the relevance of these systems goes far beyond this, for they are fundamental to the possibility of organizing political action and exercising political power across vast distances. For example, the expansion of international and transnational organizations, the extension of international rules and legal mechanisms their construction and monitoring - have all received an impetus from the new communication systems and all depend on them as a means to further their aims. The present era of global politics marks a shift towards a system of multilayered global and regional governance. Although it by no means replaces the sedimentation of political rule into state structures, this system is marked by the internationalization and transnationalization of politics, the development of regional and global organizations and institutions, and the emergence of regional and global law.

States are increasingly enmeshed in novel forms of international legal and juridical regimes. As Crawford and Marks remark, 'international law, with its enlarging normative scope, extending writ and growing institutionalization, exemplifies the phenomenon of globalization'. Increasingly aspects of international law are acquiring a cosmopolitan form. By cosmopolitan law, or global law, or global humanitarian law, is meant here a domain of law different in kind from the law of states and the law made between one state and another for the mutual enhancement of their geopolitical interests. Cosmopolitan law refers to those elements of law - albeit created by states - which create powers and constraints, and rights and duties, which transcend the claims of nation-states and which have far-reaching national consequences. Elements of such laws define and seek to protect basic humanitarian values which can come into conflict, and sometimes contradiction, with national laws. These values set down basic standards or boundaries which no political agent, whether a representative of a government or state, should, in principle, be able to cross.<sup>6</sup>

Human rights regimes and human rights law, for example, sit uneasily

with the idea of accepting state sovereignty alone as the sole principle for the organization of relations within and between political communities. They can be thought of as an element of an emerging cosmopolitan legal framework, along with the law of war, the law governing war crimes and environmental law (for example, the Convention on the Law of the Sea and elements of the Rio Declaration on Environment and Development). Together, these domains of law constitute a developing set of standards and constraints which bear upon and qualify the notion of an untrammelled principle of state sovereignty. While commitment to these standards often remains weak, they signal a change affecting the concept of legitimate state power in regional and global law. For the rules of war, laws governing crimes against humanity, the innovations in legal thinking concerning the use of resources and human rights regimes all mark out a shift in the direction of the subject and scope of international law. Opinion has shifted against the doctrine that international law must be a law 'between states only and exclusively' (Oppenheim). At issue, is the emergence of a vast body of rules, quasi-rules and legal changes which are beginning to alter the basis of co-existence and cooperation in the global order. The legal innovations referred to challenge the idea that the supreme normative principle of the political organization of humankind can and should remain simply that of sovereign statehood. Most recently, proposals put forward for the establishment of an International Criminal Court add further testimony to the gradual shift toward a 'universal constitutional order'. The new legal frameworks aim to curtail and to delimit state sovereignty, and set basic standards and values for the treatment of all, during war and peace. Of course, this body of law is by no means subscribed to systematically; but it points to the development of a post- Westphalian order - setting down a new regulatory framework for the conduct of relations among political communities.<sup>7</sup>

At the end of the second millennium, political communities and civilizations can no longer be characterized simply as 'discrete worlds'; they

are enmeshed and entrenched in complex structures of overlapping forces, relations and movements. Clearly, these are often structured by inequality and hierarchy. But even the most powerful among them ~ including, the most powerful nation-states - do not remain unaffected by the changing conditions and processes of regional and global entrenchment. A few points can be emphasized to clarify further the changing relations between political globalization and modern nation-states. All indicate an increase in the extensiveness, intensity, velocity and impact of political globalization, and all suggest important questions about the evolving character of the democratic political community in particular.

Today the locus of effective political power can no longer be assumed to be national governments - effective power is shared and bartered by diverse forces and agencies at national, regional and international levels. Furthermore the idea of a political community of fate - of a self-determining collectivity - can no longer meaningfully be located within the boundaries of a single nation-state alone. Some of the most fundamental forces and processes which determine the nature of life-chances within and across political communities are now beyond the reach of individual nation-states. The late twentieth century political world is marked by a significant series of new types of 'boundary problem'. In the past, of course, nation-states principally resolved their differences over boundary matters by pursuing reasons of state backed by diplomatic initiatives and, ultimately, by coercive means. But this power logic is singularly inadequate and inappropriate to resolve the many complex issues, from economic regulation to resource depletion and environmental degradation, which engender at seemingly ever greater speeds-an intermeshing of 'national fortunes'. In a world where powerful states make decisions not just for their peoples but for others as well, and where transnational actors and forces cut across the boundaries of national communities in diverse ways, the questions of who should be accountable to whom, and on what basis, do not easily resolve themselves. Political space for



the development and pursuit of effective government and the accountability of power is no longer coterminous with a delimited political territory. Contemporary forms of political globalization involve a complex deterritorialization and re-territorialization of political authority.

*(b) Economic Globalization*

Today all countries trade internationally and with the odd exception like North Korea, they trade significant proportions of their national income. Around twenty per cent of world output is traded and a much larger proportion is potentially subject to International competition: trade has now reached unprecedented levels, both absolutely and in proportion to world output. If, in the first, trade sometimes formed an enclave largely isolated from the rest of the national economy it is now an integral part of the structure of rational production in all modern states.

During the middle ages, Venice imported spices, medicines, perfumes and silk from the east, while, in the Black Sea, Genova traded grain, fur and slaves with southern Russia. There was both a land-route from China and the Indian Ocean sea-route, which transited via Egypt. In terms of volume of trade, the latter seems to have been more significant. This was presumably because of the higher cost of overland than maritime transport, which remained true until the coming of the railways in the nineteenth century. Genoan ships, writes Professor Findlay, 'took raw materials such as alum and cotton, as well as spices and other luxury products from the East, to the ports of the English Channel and the North Sea, bringing back wool and woollen cloth for Italy as well as re-export to the East. The Venetians, not to be outdone, followed suit.' In sum, 'the period from 1260 to 1350 saw the emergence of a genuine "world economy"'.<sup>8</sup>

Yet this was a modest beginning. The European voyages of discovery of the fifteenth to the eighteenth centuries were the most significant economic

events of the last millennium, after the move to Promethean growth in Britain in the course of the eighteenth and early nineteenth centuries. A number of peripheral European countries - Portugal, Spain, the Netherlands, Britain and France exploited superior military organization and technology, developed in intra-European conflict, to achieve control over much of the world. They sought wealth through plunder and trade. Out of their quest came great empires. In the long run, however, commerce proved more enduring and more fruitful: empires came and then went, as the costs of control rose and the rewards fell; but trade and investment remained. The result was the incorporation of much of the world into an economic system whose centre was, until the twentieth century, Europe, then Europe and North America, and today, though dominated by the west, includes advanced East Asian countries, particularly Japan.

The European conquest of the Americas was the big event. It gave the Europeans what Eric Jones has called the 'ghost acreage' of two new continents. From a population of 100 million and an area of 3.75 million square miles, the Europeans suddenly found themselves with an additional 20 million square miles. If the Chinese had discovered it first, the world would now look very different. As Professor Jones has said, 'what had happened was that the Europeans had discovered an unprecedented ecological windfall. Europe was sufficiently decentralized and flexible to develop in response, and not merely to consume the raw gains. This conjunction of windfall and entrepreneurship happened only once in history.'<sup>9</sup>

This is not quite true. In the long run, their vast possessions did rather little for Spain or Portugal, except give them an opportunity for slumber. Nor did Spain and Portugal do much for their vast possessions, which they treated as sources of plunder. The decisive shift was from imperial exploitation by the Iberians in Latin America to colonization and trade, under British legal and political institutions, in North America. That was, in time, to engender a new power, the United States, whose rise was to be the decisive geopolitical event

of the nineteenth century. Today, the economy of erstwhile British North America (the United States and Canada) is three times bigger than that of Latin America and the Caribbean, at purchasing power parity, and more than five times bigger in current US dollars. This is a reversal of the situation three centuries ago and reflects the triumphant success of British America with industrialization and the equally striking failure of Latin America.

In addition to straightforward plunder, primarily the search for silver, the possession of both the Americas and maritime power created the basis for a trade in sugar, tobacco, indigo (an important natural dye) and, in the nineteenth century, cotton. African slaves were brought to the New World to produce these commodities, after the Europeans had succeeded in wiping out the indigenous inhabitants by disease and cruelty. Out of this grew the 'triangular trade' of the seventeenth and, above all, eighteenth centuries, which linked Europe to Africa and the New World, with the exchange of manufactures from the first to slaves from the second and commodities from the third.

Eric Williams argued that the profits from this exploitation of African labour financed the industrial revolution.<sup>10</sup> This remains controversial. A well-known study concluded that the profits from the slave trade were about half a per cent of British national income in 1770, 8 per cent of total investment and about 39 per cent of commercial and industrial investment.<sup>11</sup> Whether this was crucial is a matter of judgement. Certainly, such profits were not a sufficient condition for the industrial take-off. As Findlay remarks, none of this debate about the role of trade 'should be taken to imply that the Industrial Revolution could simply have occurred as a natural outcome of the expansion of overseas trade, however profitable. The acceleration of technical progress and productivity growth that has been sustained ever since depended upon a fortunate combination of circumstances and creative response that was unique to the northwestern corner of Europe.'<sup>12</sup> Opportunities do not create wealth. Only seizing them does.

For all these important economic developments, the direct impact of long-distance commerce on the economies of the world was relatively minor until the nineteenth century, because of the cost of transport and communications. This did not make it in any way irrelevant. It afforded an excellent living to Venice, for example. It generated the celebrated Silk Road. Most important, perhaps, the search for luxuries in the east Indies - spices, in particular - drove the Europeans of the fifteenth and sixteenth centuries towards their successful experiment with long-range naval commerce, backed by force, that ultimately transformed the entire world. The political economy of the seventeenth century Netherlands and Britain would have been quite different without the role of an enriched mercantile class. London's support for parliament was decisive in the civil war and without trade there would have been no London.

### *(c) Cultural Globalization*

Many of the complaints of today," are about the cultural impact of global capitalism. But long-distance cultural impacts are hardly new. The great religions of humanity emanated either from the Middle East or from India. Jesus Christ was a Jew of the first century. The Roman Catholic Church, perhaps the most significant European cultural institution, emerged from a marriage of Jewish religion, Greek philosophy and Roman power. Islam has been an equally successful cultural export, to the point of eradicating the pre-Islamic cultures of the countries it has engulfed. But the spread of ideas and the clerisies that attend them is not just an old phenomenon. The most successful European religious export of the twentieth century was Marxism-Leninism. No better example of cultural globalization can be found than the communist revolution in China. In that most enduring of empires, Mao Zedong triumphed in the name of an ideology developed just a century earlier of such an assessment a taxonomy of the possible future shapes of world order will be developed.

#### *(d) Military Globalization*

Over the last century globalization in the military domain has been visible in, amongst other things, the geo-political rivalry and imperialism of the great powers (above all, from the scramble for Africa circa 1890s to the Cold War). the evolution of international alliance systems and international security structures (from the Concert of Europe to the North Atlantic Treaty Organization - NATO), the emergence of a world trade in arms together with the worldwide diffusion of military technologies, and the institutionalization of global regimes with jurisdiction over military and security affairs, for example, the international nuclear non-proliferation regime. Indeed, it is possible to argue that all states are now enmeshed, albeit to varying degrees, in a world military order. This world military order is highly stratified, highly institutionalized, and shaped by a relatively autonomous arms dynamic. It is stratified in that there is broadly a first tier (with superpower status), second tier (middle-ranking powers) and third tier (developing military powers): and it is institutionalized in that military-diplomatic and multilateral arrangements define regularized patterns of interaction. Military globalization can be conceived initially as a process which embodies the growing extensity and intensity of military relations amongst the political units of the world system. Understood as such, it reflects both the expanding network of worldwide military ties and relations as well as the impact of key military technological innovations (e.g. steamships to reconnaissance satellites) which, over time, have reconstituted the world into an increasingly unified geo-strategic space. Historically, this process of time space compression has brought centres of military power into closer proximity and potential conflict, as the capability to project enormous destructive power across vast distances has proliferated. Simultaneously. military decision and reaction times have shrunk with the consequence that permanent military machines, along with their permanent preparation for war, have become an integral feature of modern social life.

With the end of the Cold War the pattern of global military and

security relations has been further transformed. In some respects, the structure of world military power at the end of the twentieth century reflects a return to a traditional pattern of multipolar power politics, but, in other respects, especially in relation to the sole military superpower status of the US it is historically unique. As the Cold War has ended and the foreign military presence of the US and Russia has contracted (by quite spectacular proportions) the reassertion of regional and local patterns of inter-state rivalry has been intense. One consequence of this is the visible tendency towards 'the decentralization of the international security system' - the fragmentation of the world into relatively discrete (but not entirely self-contained) regional security complexes.<sup>14</sup> This is evident, amongst other cases, in the resurgence of nationalist conflicts and tensions in Europe and the Balkans, in the Indo-Pakistan rivalry in South Asia, and in the rivalry over the South China seas in Southeast Asia. As the overlay of Cold War conflict has been removed a significant external restraint upon regional conflicts (whose origins often predate even the age of the European empire) has disappeared. In some cases, such as South East Asia, the consequences to date have been relatively benign but in many regions rivalries and tensions have escalated. This 'regionalization' of international security represents an important distinguishing feature of the post Cold War world military and security order.

One interpretation of this altering military landscape is that the global security and military order is undergoing a process of 'structural bifurcation'; that is, fragmentation into two largely separate systems each with different standards, rules of conduct and inter-state behaviour.<sup>15</sup> The likely implications and costs of (conventional or nuclear) war among advanced industrial states, argues Mueller among others, are now so overwhelming that major war has become obsolescent; it would be counterproductive either as a mechanism for resolving interstate conflict or as a mechanism for transforming the international status quo. In contradistinction to this, states in the periphery (i.e., states in the developing world) operate within a system in which political

instability, militarism and state expansion remain endemic, and in which there is no effective deterrent to war as a rational instrument of state policy. Accordingly, patterns of international military and security relations are radically diverging as the post Cold War world order becomes increasingly bifurcated.

These processes of fragmentation and regionalization, however, can be counterposed to powerful centripetal forces reinforcing the unified character of the world military order. Four factors in particular deserve mention in this respect:

First, in most global regions, aside from the Middle East, there is a gradual shift taking place towards co-operative defence or co-operative security arrangements. The desire to avoid inter-state conflict, the enormous costs, technological requirements and domestic burdens of defence are together contributing to the historic strengthening, rather than weakening, of multilateral and collective defence arrangements as well as international military co-operation and co-ordination. The end of the Cold War has not witnessed the demise of NATO, as many predicted in 1990, but rather its expanding role and significance. Moreover, in many of the world's key regions multilateral frameworks for security and defence co-operation are beginning to emerge alongside existing bilateral arrangements. These, like the ASEAN Regional Forum (ARF) in Asia-Pacific, may be at a very early stage of development and beset by all kinds of rivalries, but historically they represent a significant institutionalization of military and security relations. Moreover, many of these arrangements are becoming less regionally specific as the US has strengthened its global engagements (e.g., NATO & ARF). At the global level too, the peacekeeping activities of the UN and its more general collective security functions have become more visible, although not necessarily more effective. These developments reflect a realization that the end of the Cold War, and against the background of recent military technological change, 'the capacity of the state to defend territorial boundaries

against armed attack' may have considerably weakened.<sup>16</sup> Certainly, many states now recognize that national security can no longer be achieved simply through unilateral actions alone.

Second, the rising density of financial, trade and economic connections between states has expanded the potential vulnerability of most states to political or economic instability in distant parts of the globe. Accordingly, many states, not simply the world's major powers, remain acutely sensitive (if not vulnerable) to security and military developments in other regions. Such sensitivities may be highly selective, and certainly not all parts of the globe are perceived as of comparable strategic importance. Nevertheless, as the 1990 Gulf crisis demonstrated, military developments in strategically critical regions continue to be of global significance. Regionalization and globalization of military/security relations are by no means contradictory processes but may be mutually reinforcing.

Third, threats to national security are becoming both more diffuse and no longer simply military in character. The proliferation of weapons of mass destruction poses a potential threat to all states. But proliferation is in part a product of the diffusion of industrial and technological knowledge as well as hardware. Preventing proliferation is thus a classic collective action problem in that it demands world wide action. Similarly, environmental, economic, narcotics, terrorist, cultural criminal and other threats to national security cannot be resolved solely through either military or national means. Accordingly, there is a continuing demand for global mechanisms of co-ordination and co-operation to deal with the expanding penumbra of security threats.

Fourth, in the global states system the military security of all nations is significantly influenced by systemic factors. Indeed, the structure of power and the actions of the great powers remain dominant influences upon the military postures of each other and of all other states. At one level this is



simply because the great powers set the standards, be it in military technology or force levels, against which all other states ultimately calibrate their defence capability. Thus, US defence policy has more wide-ranging global effects than does that of Kiribati. How the great powers act or react affects the security of all the world's regions.

These points suggest that the contemporary geo-political order, far from simply fragmenting, remains beset by problems of global strategic interconnectedness. The lack of any serious global political and military rivalries of the kind represented by the Cold War, or the New Imperialism of the 1890s, should not be read as a process of military de-globalization. Despite the ending of Cold War rivalry there has not been a detectable return to earlier forms of national military autarky; nor has the world broken up into discrete regional security complexes. Globalization and regionalization in the military domain appear to be mutually reinforcing rather than mutually exclusive processes. Moreover, there are growing (financial technological, industrial and political) pressures on states to engage in multilateral co-operative efforts to achieve the rationalization of their defence industrial base. This is contributing to the (admittedly slow) de-nationalization of defence industries in most advanced states, and to a globalization of defence production.<sup>17</sup>

The transnationalization of the defence industrial base represents a distinctive new stage in the organization of defence production and procurement akin to (but on a very different scale from) the global restructuring of industrial production. It is also reinforced by the fact that many of the most critical defence technologies are produced in those very civil industrial sectors, such as electronics or optics, which have been subject to increasing globalization. These developments have quite profound, although not necessarily completely novel, implications for the orthodox approach to defence-industrial organization, which traditionally has privileged - alongside national strategies of defence and procurement - the national

defence industrial base as the necessary underpinning to an 'autonomous' national defence capability. Both the regionalization and globalization of the defence-industrial sector compromise such autonomy in a fairly direct way since they make the acquisition (and crucially the use) of arms and weapons systems (not to mention defence industrial policy) potentially subject to the decisions and actions of other authorities or corporations beyond the scope of national jurisdiction.

In some contexts, however, such regionalization and globalization may be exploited to enhance defence industrial and military autonomy. Sweden, for instance, by engaging in collaborative and licensing arrangements with both American and European aero-space defence contractors, has been able to sustain a highly advanced defence industrial capability which it might otherwise have been unable to support. Japan too has reduced its military dependence on the US by exploiting an intensely competitive world market in military technology transfer and licensing. In the realm of defence production and procurement globalization and regionalization by no means automatically prefigure the demise of a national defence industrial base, but they do alter the strategies and policies which governments have to pursue in order to sustain it as well as the patterns of industrial winners and losers. In the case of European states, the consolidation of 'national champions', through government supported (but not necessarily initiated) mergers and acquisitions, has complemented the emergence of 'European champions' to compete in the global and regional arms market with their American rivals. Autonomy is, thus, sought through a strategy of internationalization rather than nationalization alone. This in itself represents a significant departure from orthodox notions of military autonomy defined and pursued in essentially national terms.

In the contemporary era of declining defence procurement budgets, the internationalization of defence production provides one solution to the maintenance of a 'national' defence industrial capacity. Accordingly, this is

not simply a process which is confined to Europe, or the trans-Atlantic region, where it is most evident, but is a part of a secular trend in defence industrial restructuring. This is largely because, for many big defence companies, 'internationalization is one strategy of consolidation for long-term survival in the market'.<sup>18</sup> Restructuring of the national defence industrial base unfolds alongside a global restructuring of defence production. In varying degrees, all countries engaged in defence production are gradually being touched by these twin developments. As a consequence, in parallel to many political phenomena, the distinction between the 'foreign' and 'domestic' is breaking down. Indeed, the enormous complexity of cross-border intercorporate and production networks involves a 'shift away from traditional, single-country patterns of weapons production towards more transnational development and manufacture of arms'. Global sourcing of defence production, as in the commercial sector, is a growing practice as cost containment becomes more critical. For industrializing states with an indigenous defence production capability, global sourcing remains essential to meeting defence interests.<sup>19</sup> But this is also supplemented by other forms of collaboration, sometimes with the governments of developing countries or other advanced states, in the development or production of 'indigenous' military systems. In the post Cold War era, the global diffusion of military-technology and defence industrial capacity are becoming closely associated with a transnationalization of defence production.

The spread of both defence industrial capability and military technology is facilitated by the increasingly central role acquired by commercial (civil) technologies (and civil technological innovation) in the development and manufacture of advanced weapons systems. The military technological revolution (MTR) of the late twentieth century is a product of the 'information age'. The same technologies which are revolutionizing aspects of everyday life, from the supermarket checkout to personal communications, are transfonning the logistics of war and the modern

battlefield which, as the 1991 Gulf War demonstrated, is now 'constructed' as 'a blizzard of electronic blips' rather than simply a 'storm of steel'.<sup>20</sup> Strategic technologies are today largely dual-use technologies. Dual-use technologies, by definition, are commercial technologies and the industries that produce them are considerably more globalized than the defence industrial sector. As a result, most dual-use technologies are intensively traded across the globe whilst the capability to produce them is actively dispersed through the operations of transnational corporations. According to Carus, the result is that an 'increasingly large number of countries have access to many of the technologies needed to exploit the military technological revolution'.<sup>21</sup> This in turn is transforming the stratification of military-technological power within the global system.

Military power has been fundamental to the evolution and the institutional form of the modern sovereign, territorial nation-state. The independent capacity to defend national territorial space by military means is at the heart of the modern conception of the institution of sovereign statehood. But, as discussed here, contemporary military globalization poses quite profound questions about the meaning and practice of state sovereignty and autonomy. For in the contemporary age, the traditionally presumed correspondence between the spatial organization of military power and the territorial nation-state appears to be changing.

The doctrine of national security remains one of the essential defining principles of modern statehood. The autonomous capacity of the modern state to defend the nation against external threats is a crucial (to some the essential) ingredient of traditional conceptions of sovereignty. For if a state does not have the capacity to secure its territory and protect its people then its very *raison d'être* can be called into question. National security has, therefore, been understood traditionally in primarily military terms: as the acquisition, deployment and use of military force to achieve national goals. Without such a capacity the very essence of the institution of modern statehood would be

decidedly altered.

Of course, the ideology of modern statehood has not always been replicated in the political practices of states. But in the military domain, above all others, modern states have always sought to maintain their independence. However, in the contemporary era, military globalization and patterns of national enmeshment in the world military order have prompted a serious rethinking about the idea and the practice of national security. Although the *discourse of national security dominates political and popular debate* about military matters it acts more as a simplified representation or legitimating device than a reflection of the actual behaviour of states. For many states the strategy for achieving 'national security' has become almost indistinguishable from an international security strategy. This is evident amongst Western states which collectively constitute a 'security community' within which military force plays no active role in the relations between member states.

Within this 'security community' national defence and the exercise of military force is decided within an institutionalized alliance system (NATO) in which collective discussion and multilateral diplomacy complement existing national mechanisms of security policy. The development and pursuit of national security goals are, therefore, inseparable, in most key respects, from the development and pursuit of alliance security. National security and alliance security can be conceived as mutually constituted.<sup>22</sup> Even for states such as France, which has historically sought to pursue a highly autonomous defence posture, or Sweden, which retains a declared policy of neutrality, post war national security policy effectively has always been shaped (and in the post Cold War context increasingly so) by the functioning of this broader 'security community'.<sup>23</sup> Moreover, for the United States membership of NATO represents an historic shift in national security posture away from autarky, isolationism, and the avoidance of external military commitments. For the US, along with other members of the Western 'security community', the practice of co-operative security is redefining the traditional agenda of

national security.

The widening agenda of security, combined with the institutionalization of cooperative defence (and security) and the global regulation of military power, through arms control and other regimes, has contributed to a broadening of defence and security politics. The notion that the politics of defence and security issues are coterminous with national political space is belied by such diverse phenomena as the existence of global campaigns to ban land mines or to establish an International Criminal Court for crimes against humanity, and defence contractors within NATO and Europe lobbying for changes in defence industrial policy or government regulations on both sides of the Atlantic or in the East. Political activity focused on 'national security' matters is no longer simply a domestic affair.

### **Political Evolution and Globalization**

Many thoughtful observers rely on economic growth and the new information technology to move the world more or less automatically into the new era of global well-being and political stability. But this is an illusion, world order requires consensus, which presupposes that the differences between the advantaged and those disadvantaged who are in a position to undermine stability and progress, be of such a nature that the disadvantaged can still see some prospect of raising themselves by this own effort. In the absence of such a consciousness, turbulence, both within and among societies will mount.

The world's leaders – especially in the industrialized democracies – cannot ignore the fact that in many respect, the gap between the beneficiaries of globalization and the rest of the world is growing, again both within and among societies. Globalization has become synonymous with growing; growth requires capital, and capital seeks the highest possible return with the lowest risk, gravitating to where there is the best trade – off between risk not

return. In practice, this means that, in one form or another, the United States and other advanced industrialized countries will absorb overwhelming percentage of the world's available investment capital. Because the great bull market of the 1990s, reflected this reality – indeed was based on it – the gap between industrialized and developing countries has widened even as unprecedented wealth is being created. Without adequate capital developing countries cannot grow and create jobs. In the absence of rising employment, politicians will eventually lose their appetite for reforms that are preconditions for the globalization model – since companies based in emerging market find it increasingly difficult to achieve access to international capital markets, they must raise capital at home, and they can do so only by paying higher interest rates than are available at financial centres. National companies of developing countries thus become increasingly uncompetitive, particularly in sectors of the economy where the barriers to trade are in the process of being dismantled. Emerging – market companies exposed to international competition face the twin prospects of either failing or foeing multinational enterprises. This is precisely the opposite of what advocates of protectionism in industrial countries have been predicting when they worried of the low-wage competition from the developing countries.<sup>24</sup>

Developing countries seeking to join the Globalization process have no choice in the long run except to restructure. This effort to become as much like the United States or Europe or Japan as possible is as difficult as it is time – consuming, though it can be accelerated through such institutions as NAFTA, which has proved a great boon to Mexico, or by special trade agreements and by pegging their currency to the dollar as did Argentina and Ecuador. Some countries are even considering making the dollar their official currency – whatever road is chosen, multinational companies based in the United States or Europe emerge increasingly as the engines driving globalization. For them, rush to size has turned into a goal in itself, almost comparatively pursued, because the ability to drive-up the stock prices of their

company is becoming the standard by which chief executives are increasingly being judged. As executives turn from being long-range builders into financial operators driven by shareholder value determined in daily stock market quotations, the vulnerability of the entire system grows, its long-term vitality could be weakened, and even more so, its resilience in times of crisis. Alan Greenspan's reprimand about "Irrational exuberance" reflects the fear that, when markets become decoupled from the long postponed,<sup>25</sup> and that the exuberance might drive a downward cycle further than the underlying realities suggest.

Not until mid 1990s did most ordinary people encounter the benefits and shortcomings of Globalization. Widespread use of the Internet (nearly 100 millions users in the United States by 2000, an estimated 304 million around the world), facilitated information flows and heightened public interest when added to the Clinton administrations' highly visible efforts to expand American trade and investments overseas, establish NAFTA and the WTO, and facilitate the integration of financial markets, globalization acquired a certain cachet among Americans of all political stripes and economic status.

But surging imports and the growing tendency of corporate America to shift manufacturing to foreign locations with ample quantities of cheap labour aroused blue-collar workers. In Indonesia, even workers in state-of-the-art tech plants earned only 60 dollars per month. US professionals also began to question the benefits of globalization when companies began moving engineering, research, and back-room operations to countries like India with large numbers of English-speaking engineers and other college-trained workers in order to cut costs. Engineers in India and other South East Asia countries earned less than \$20,000 per year, less than one fourth of an American Engineer.

Americans were not only ones torn between the benefits and dislocations of Globalization. In Western Europe and in many developing



countries, Globalization became a dirty word, associated in the Public mind with American sneakers, blue jeans, burgers and videos: the French were most skeptical. In one poll, 65 Percent said Globalization increased the gap between rich and poor; 65 percent thought it threatened the national identity. Proud of their language and cultural traditions, many French thought Globalization a US. Conspiracy to “dumb down the world” and export its way of life. The French Ministry of culture sought to rely Europeans and to restrict access for Hollywood films and American television programmes. In 1989, France persuaded the European community to stipulate that domestic programming constitute 40 percent of T.V. fare. And during the Uruguay Round, it insisted that audiovisual materials be exempt from trade agreements.<sup>26</sup>

Around the world – especially in Muslim countries – defenders of traditional values sought to block the spread of American – style pop-culture. Iranians religious fundamentalists raided homes to confiscate videos and satellite dishes, and in neighbouring Afghanistan the Taliban closed movies theaters, burned films, denied schooling to women, and halted sports. Try as they might, the fundamentalist could not eradicate the “Sway of alien and infidel culture.” Their controls benefited counterband smugglers. In both Iran and Afghanistan, the movie Titanic proved a blockbuster; underground videos stores flourished. Some discreetly hid satellite dishes to access western television, the failure of Islamic fundamentalists to stamp out western influences, like the inability of state-controlled societies in Eastern Europe to block the appeal of western democracy and consumerism, demonstrated the power of mass communication in the era of satellites and video cassettes. It also underscored the global appeal of U.S. values to the young, the well educated, and the affluent, and amorphous yet tangible element of American power in the world.

American Pop culture celebrated several universal themes: individualism, consumerism, democracy, materialism, optimism, Pragmatism,

Progress, technology, tolerance, wealth and youth. Author Salman Rushdie, the target of an Iranian death warrant, defended Pop culture and globalization from fundamentalist attack. “Sneakers, burgers, blue jeans and music videos are not the enemy,” he says. “These are fundamental freedoms to fight for, and it will not do to doom the terrorized women of Afghanistan or the circumcision – happy lands of Africa by calling their oppression their ‘culture.’” David Rothkopf, an associate of former secretary of state Henry Kissinger, carried the point a step beyond to defend American Cultural imperialism. “America should not deny the fact that of all the nations in the history of the world, their’s is the most just, the most tolerant, the most willing to constantly reassess and improve itself, and the best model for the future.” While America tended to glorify the individual at the expense of community interests, its pop culture was more open to foreign influences – such as the Beatles – and more tolerant of diversity. Even Hollywood was not so much an American industry as it was a world – class entertainment business that attracted foreign stars (such as Arnold Schwarzenegger) and foreign capital. Indeed, Joseph Nye dean of Harvard’s Kennedy school described America as a “Cultural sponge, a syncretic society that can assimilate influences from all over the world and send them back home.” But, high-cost Hollywood could not escape the inexorable logic globalization and outsourcing. Digital technology meant that movies could be shot anywhere, and in 2002 none of the movies nominated for 2002 best film Oscar was made in Hollywood. There were filmed overseas to reduce Production costs.<sup>27</sup>

No economic system can be sustained without a political base. The challenged for those who believe in Globalization is to match economic growth with political imagination, to navigate between those who see the world only in technical economic terms and their critics who yearn to return to same quasi – socialist and discredited model of government control. An international sense of social responsibility must be fostered without strangling a successful economic system in Regulations imposed by bureaucrats.<sup>28</sup>

The proposition that Globalization makes states unnecessary is even less credible than that it makes states important. If anything, exact opposite is true, for at least three reasons, First, the ability of a society to take advantage of the opportunities offered by international economic integration depends on the quality of Public goods, such as protection of property rights, personal security, a non-corrupt civil service and education – without the legal arrangements, in particular the potential Web of rewarding contracts is vastly reduced. This may seem a trivial point, but a very large proportion of the world's economics have failed to achieve these essential preconditions of success. Second the state normally defines the identity of human beings. A sense of belonging is a part of people's sense of security. It is perhaps not surprising that some of the most successfully internationally integrated economics are small, homogenous countries with a strong sense of collective identity. Third, all forms of internal government rest on the ability of individual states to provide and guarantee order. The WTO for example, is not a body of self-executive rules. On the contrary, they can be exercised only by sovereign states. The bedrock of international order is the territorial state, with a monopoly of coercive power within its jurisdiction. Cyberspace does not fundamentally change this, since economics are ultimately concerned with and sum for human beings, who have physical presence and, in consequence, physical location. Since states are territorial jurisdiction, they are the bedrock of Global order.<sup>29</sup>

The implication is that, just as globalization does not make states impotent, it does not make them unnecessary either. On the contrary, for people to be successful in exploiting the opportunities afforded by international integration, they need states, at both ends of their transactions. This is why failed states disorderly states, weak states and corrupt states are shunned State they are black holes of the global economic system.<sup>30</sup>

Yet, the great changes in history, almost without exception, were driven by mankind's need for some kind of political vision and pursuit of a

standard of justice. While much of the self-righteousness, nihilism, and violence associated with the demonstrations against Globalization that are now spreading around the world is abhorrent, these outbreaks represent a warning that the international economic system may come to face a crisis of legitimacy. The industrial democracies must preserve and extend the extraordinary accomplishments that fostered globalization. But they can do so in the long run only if they endow the economic aspects of Globalization with a potential construction of a comparable sweep and vision.

## **An Overview**

The global system rewards and penalizes its participants by economic criteria. But, for the Public, these criteria are far too erotic to evoke loyalties and commitments. In a crisis, the population will turn to its political leaders to care the impact of the economic Penalties. This is all the more true because even period of expansion take their toll on parts of the population, so that there exists in most countries and especially in the developing world – a near permanent minority ever waiting in the wings to act out the validity of its sentiments.

To achieve global competitiveness, political leaders in developing countries are obliged to use up Political capital by restructuring their economics, eliminating waste and reducing overhead. This frequently implies massive dislocations and (hopefully temporary) unemployment for the sake of long – range benefits not demonstrable at the moment scarifies are being demanded. Such an equation is often anathema to political or economic leaders if the promised benefits will arrive only long after they have themselves left the scene.

The massive changes in the structures and procedures of most of the societies participating in Globalization are strongly encouraged and frequently insisted upon as a condition of assistance – by the United States government as well as by leading international financial and economic institutions. Yet the advocates of the new gospel often seem oblivious to the historical record, which shows that the practices of reform took many decades to evolve in their own countries. Adopting the American model is not primarily a technical challenge; for most developing countries, it implies nothing less than a revolutionary upheaval in familiar patterns. Only a very few nations have ever managed to combine conservative fiscal and monetary policy, government intervention through regulation rather than ownership or control, deregulation of financial institutions, encouragement of flexible labour markets, and a

widely accepted and transparent legal framework. The American model presupposes that capital is relatively cheap and labour is relatively expensive, so that competitive success in the end depends on improvements in productivity sustained by constant technological progress. Comparative advantage is achieved by reducing the labour content of most productive processes to the greatest extent possible.

The American experience demonstrates that, when all these factors combine and however difficult the initial stages, early dislocations will be justified by dramatic improvements in the standard of living. But the experience of most other countries has also shown that it is not easy to make the American model work rapidly. Continental Europe is still struggling with major domestic obstacles to the necessary structural reforms (especially in the labour market and agriculture) – though it now seems well launched on the process of adjustment. Ten years after the defeat communism, Russia, despite all western exhaustations and many billions of dollars in aid, is no closer to a normally functioning market economy than it is to domestic institutions, China's rate of growth is extra-ordinary, but it has been achieved at the price of giving governmental stability priority over democratic reform. Even in countries with a less inhibiting past – in south-east Asia and Latin America, for example – Globalization has proceeded in fits and starts. During the 1990s the United States, almost alone in the world, solved the problems of how to create jobs while revolutionizing its industrial technology.

All developing countries have faced the challenge that industrialization, by drawing people from the countryside to the cities, brings with it the weakening of traditional political and social support systems. The urban working and lower middle class becomes a fertile re-cruiting ground for radical politics or religious fundamentalism. This phenomenon was familiar even before globalization; it contributed to the emergence of Marxism in the nineteenth century and to the Iranian revolution in the Twentieth. Even when material conditions of the poor and lower middle classes improve in absolute

terms, the migrants become increasingly conscious of the gap between rich and poor, which the early stages of modernization magnify and which television and other media bring graphically into the homes and consciousness of nearly everyone. Political and economic indices therefore frequently slip out of phase with one another. Even when the aggregate economic data indicate growth, benefits may not reach the urban population sufficiently rapidly, or on a large enough scale, to remove the sense of rootlessness and dependence at the core of contemporary unease.

Of course, these phenomena are not entirely novel. Displacement by technology has probably occurred since the invention of the shovel. And migration have\ taken place in every economic revolution. What is unique in our age is the scale of the global impact and the rate of technology change. The challenge of humanizing the process is, therefore, unprecedented.

Free market capitalism remains the most effective and, thus far, the only demonstrated instrument for sustained economic growth and for raising the standard of living. But just as the unrestrained laissez-faire capitalism of the nineteenth century spawned Marxism, so too literal a version of Globalization of the Twenty-first century could generate a worldwide assault on the very concept of free markets. Globalization views the world as one market in which the most efficient and competition will prosper. It accepts – and even welcomes – the fact that the free market will relentlessly shift the efficient from the inefficient, even at the cost of economic and social dislocation.

But the extreme versions of globalism tend to neglect the mismatch between the world's political and economic systems. Unlike economics, politics divides the world into national units. And while political leaders may accept certain degree of suffering for the sake of growth in their economies, they cannot survive as advocates of near permanent austerity, especially if their policies can be presented as imposed from abroad. The temptation to

reverse – or at least to buffer – austerity by political means can become overwhelming. Protectionism may prove ineffective or even backfire in the long term, but political leaders frequently necessitates.

Even well-established free market democracies do not accept limitless suffering in the name of the market and have taken measures to provide a social safety net and curb market excesses by regulations. The international financial system does not as yet have comparable firebreaks.

The demonstrations against globalization at meetings of the international Monetary Fund and the world Bank in 2000 and at the Seattle meeting of the World Trade Organization in 1999 were early warning signs of the potential Political weight of those who believe themselves at the mercy of forces they feel powerless to influence. To be sure, many of these demonstrations follows an all too familiar lifest, Anti-American and anti-capitalist script from the 1960s and early 1970s, even down to some of the personalities involved. The exaltation of violence and self-indulgence of some of the demonstrators reflects ideological disdain for existing political and economic institutions that is, to a considerable extent, independent of specific grievances.

Nevertheless, the leaders of the industrialized world must not ignore the emotional vacuum which the protests reflect, at least in past, least globalization, the most effective engine of growth the world has ever seen, becomes sub-merged in the political assault polarizing especially the developing societies most in need of its benefits. And if there is a serious secession in the industrialized world, it may spread even there.



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## Chapter - 6

### Concluding Thoughts

To assess the relationship between the two largest democratic countries of the world, India and America, it is essential not only to assess the relationship in the context of only the present or the recent past, but in the larger perspective of past history and future prospects. It is imperative to bear in mind both the similarities and the dis-similarities in outlooks and in attitudes. One should not be unduly swayed by the passing phases, sometimes the differences are exaggerated.

In 1941, India and the United States initiated diplomatic relations when India's Agent – General Sir Girja Shankar Bajpai and US Commissioner Thomas Wilson presented their letters of introduction to President Roosevelt and Viceroy Lord Linlithgow. India was already engaged in world war second at the behest of the viceroy and without the consent of the Indian people. The United States would be at war before the year was over. By the end of the decade India would become free, but in the process lose a quarter of its population to the newly created state of Pakistan, work which it would fight three wars. After the defeat of the Axis powers, the allied wartime coalition would crumble and the United States would find itself engaged in a global struggle with the Soviet Union that lasted forty-five years.

Inspite of the moving ups and downs in Indo-American relations the fundamental feeling of friendship and sympathy between the people of the two countries has remained more or less unchanged. Since in a democratic country the people can not be ignored, their feelings and aspirations are bound to have an effect on the thinking, the attitudes and policies of their Governments. Both India and American are secular democratic countries, who believe in the freedom of the press and individual liberty. The rule of law

prevails in both these two countries. People of different cultures, races and religions reside in both the countries.

In this environment, a half century of relations between India and the United States have been uneven – on occasion friendly, sometimes hostile, but more often, just estranged. Given their different historical, social and economic experiences, India and the United States were almost certainly destined to adopt conflicting policies on many issues. Their differences, however, might not have been as jagged in the absence of more profound sources of friction. Why have there two nations, both democracies, so often found themselves at odds with each other in the international arena? What lies behind their difficulties in getting along politically?

This history suggests that the root cause can be found in the clash over national security issues of major importance to each country. For India, the principal stem stumbling block has been the US-Pakistan relationship. In assuming and aligning itself with Pakistan, the entity born of the traumatic partition of British India, the United States linked arms with the country which independent India considered its principal security threat. For the United States, the decisive problem has been India's attitude towards the Soviet Union. In establishing the Policy of non-alignment under Nehru, India annoyed the United States by refusing to agree with America's perception of the Soviet threat. Under Mrs. Gandhi, India went much further, establishing close security and political ties with Moscow, making common cause with the nation which the United States regarded as the major threat to its security and to global peace and stability.

India and America have different historical and cultural backgrounds and different geographical and geo-political factors. So, it is but natural that there are bound to be differences between the two countries. But what is important is that they should be able to respect each other's point of view. There should be mutual understanding between the two countries. Differences

have arisen when there has been a lack of understanding and respect and when ulterior motives have been attributed to such differences. So from time to time Indo-American relations got strained. America achieved her independence much before India achieved her's. Since independence, however, India has made rapid progress in the fields of industrialization and technological environment:

*In the relatively short span of time since independence, India has emerged as a major actor in the world politics with a deep involvement in international affairs. India's foreign policy formulations and attitudes have had an impact for beyond its own borders, not least because of the country's geostrategic importance.<sup>1</sup>*

*Like wise in working out her foreign policy objectives, India has always sought to promote India's security and further its developments.*

Certain factors have, however, limited how far Washington and New Delhi have been willing to let their relationship deteriorate. For India, the United States has had great economic importance – for two decades, from 1951 until 1971, as the major donor of bilateral aid and, more recently, as a result of US influence over the decisions of international financial institutions. The United States has become India's largest trading partner and an importance source of investment and technology even though, conversely, India has played only a major role in US external commerce. Politically and cooperation Treaty with Moscow in 1971, India needed at least the semblance of a working relationship with the United states to land credibility to its policy of non-alignment and to avoid being tagged as a soviet camp follower.

For its part, as a global power pursuing global interest, the United States has needed India less than India has needed the United States. Ever since Washington lowered the priority accorded south – Asia after the 1965 Indian – Pakistan war, this unbalanced equation of needs has been a fact of life. The United States, However, has not been able to ignore New Delhi. With one-sixth of the globe's population, India's on – going and – despite all its domestic troubles – so far largely successful experiment in democracy has obvious relevance for the United States and the entire community of nations. Until the collapse of communism in the Soviet Union, half of the people under democratic rule were Indians. Its geographical location astride the strategic oil supply routes of the Indian Ocean and along the southern – rim of China has reinforced India's own sense of national importance as heir to one of the world's great civilizations. Growing military power has also made India a factor to be reckoned with as the preeminent force not only in south – Asia, but in the Indian Ocean region at large.

As the fifty years reviewed in this history of Indo-US relations concluded in 1991, the global strategic environment underwent a fundamental change. Gorbachev's reforms and the accelerating disintegration of the Soviet Union and its version of communism brought to an end the cold-war which had decisively shaped US and Indian policies. The United States emerged as the sole superpower, its ideology of democratic capitalism victorious over Marxist communism.

US Relations with India slowly improved during the 1980s, but a legacy of suspicion and mistrust remained. Although Washington wished New Delhi well in tackling its enormous domestic problems, the United States showed little disposition to rethink its relationship with India. Washington seemed uncertain – some would say uninterested in – how to fit India into the Post-cold war policy framework. It was almost as if the United States did not know what to make of India. The continued poverty of a majority of the –

country's vast population of 850 million contrasted with the rising affluence of the burgeoning middle classes. Unrest and terrorism in Punjab and Kashmir and Hindi-Muslim communal tensions contrasted with the resilience and strength of Indian democratic institutions. India's growing military power, the world's fourth largest army, the beginnings of a blue water navy, and the presumption of a nuclear weapons capability contrasted with an economy that continued to progress for more slowly than most other Asian – countries and remain hobbled by bloated and inefficient public sector industries.

India did not criticize the Soviet invasion of Afghanistan in very strong words while in Pakistan there was public opposition to Soviet intervention. Moreover, Pakistan has been a loyal member of the Western bloc. Pakistan facilitated negotiations that produced the Sino – American détente *“the Soviet invasion of Afghanistan has reinforced United States view of Pakistan as a key geo-strategic assert and “Front line” state, which has made the backing of Pakistan strategic and imperative. Pakistan has adroitly played upon the US antipathy to Russia to boost the level of American Aid”*.<sup>2</sup>

Indira Gandhi returned to power in early 1980. In America it was felt that her strong Pro-Soviet tilt, might deepen differences between the two countries. Such doubts were set at rest by the pronouncements of both the government that change of leadership in Washington and New Delhi would not reverse the friendly ties evolved during the Carter administration. The United States spokesman, Robert F. Goheen, the then United States Ambassador to India declared that: *“with Mr. Reagan's election I see no change in the desire of the United States to continue a policy of friendly co-operation based on mutual respect.”*<sup>3</sup>

Eventually, the Reagan administration did realize that India could not be ignored as it was the most important state in the area of the Indian ocean. *In the same way, Indira Gandhi realized that India's policy of non-alignment was coming to be viewed by the world community as titling more and more*



towards the Soviet Union. This could lessen India's credibility among the third world countries. To protect the entire world from the Soviet threat, the United States realized that this could not be done single handedly. It did need India, the only stable power in the area. While on its past Indira Gandhi stated that India was not a satellite of the Soviet Union. Infact, on her very first visit to Washington. Indira Gandhi stated her willingness to accept a limited amount of weapons from America.

Inspite of all these declarations, Reagan's policy of "containment of communism" came in the way of the smooth functioning of Indo-American relations. The significant aspects of Reagan's foreign policy guidelines were to promote American interests, halt soviet expansion and to regain military superiority over the Soviet Union. Former secretary of state, Alexander Haig, in his 19 March 1981 testimony before the senate Foreign Relations Committee state, "that the Reagan Administration's Middle Eastern Policy would centre around the development of the 'Strategic consensus" to oppose the Soviet Union in an area extending from Pakistan to Egypt, and including Turkey, Israel and Saudi Arabia."<sup>4</sup>

The second cold-war which had already started assumed serious dimensions after the soviet intervention in Afghanistan. It left a serious impact on Indo-American relations. Pakistan, which had receded to the back ground where America was assigned a significant role in the strategy of the United States against Soviet expansionism. This alarmed India as Pakistan has always been an enemy of India. Testifying before the senate committee on foreign Relations in March 1981 Jane coon, Deputy Assistant Secretary for Near East and South-Asia, said:

*We are deeply concerned over Pakistan's security. Pakistan's strategic location at the eastern flank of the Persian Gulf, makes its very important that we and our allies undertake a major effort to help*

*Pakistan resist Soviet Pressures and to become stranger and more self confident.*<sup>5</sup>

Indo-American relations were strained considerably over this issue as both countries proved the problem differently. For India, the soviet intervention was Secondary while the re-awning of Pakistan more of importance. Whereas, the United States formulated its policies with a global view of the security relationships in the region. India perceived the problem from a regional and national secretary angle. At the same time the United States wanted to seek increased cooperation with Indian. "Such policies would appear contradictory because of the deep animosity between India and Pakistan. This had the effect turning United States relations with South Asia's two largest entities into a zero sum game; if Washington impressed relations with Pakistan, relations with India worsened, and vice-versa."<sup>6</sup>

If Washington lacked interest, New Delhi seemed hesitant as it tried to address relations with the United States in the Midst of domestic turmoil and after the disappearance of its long-time anchor, the Soviet Union. Many foreign policy and security specialists and economists were in favour of building on the gradual improvement in relations with Washington during the 1980s in order to press ahead with the development of friendlier ties, including expanded security cooperation. The rapid growth of the Indian immigrant community in United States, numbering some 850,000 in the 1990 US census – almost three times the 1980 count – reinforced this view. An alternated approach, reflect in the outburst of Anti – US sentiment during the Gulf war, was for India to remain antagonistic to the United States. Washington was seen as continuing to be unfriendly, trying to "keep India down," and unwilling to respect India's position as the preeminent power in South – Asia or as spokesman for the world's poorer nations.

For Washington, the most logical policy would be to continue along the trial begin in the late 1970s and resumed in the mid-1980s: to treat India

as a significant Asian power with which the United States should seek friendly relations, including expanded security cooperation. India and the United States now have a shared interest in stability in the Indian Ocean region and a viable balance of power in Asia. India is large enough, that the Indo-US relationship could have strategic importance in its own right.

For India, a better relationship with the United States requires a strengthening of the approach initiated by the Janata Government in the late 1970s and resumed after Mrs. Gandhi's 1982 visit to Washington – without the double burden of the US Pakistan and the Indo-Soviet relationship, the pace of improvement could quicken if encouraged by the government of India. But relations are unlikely to become more cooperative if India decides almost viscerally that opposing the United States is the natural state of affairs for Indian policy. Related to this is the future of non-alignment, after the end of the cold-war more a slogan than a guide to policy. The prospects for improved relations would dim Should New Delhi redefine non-alignment in North-South terms – positioning itself as a leader of the third world in a strident struggle against the United states and the industrialized west.

One of the most difficult issues before the two countries in the 1990s is the nuclear question. With both India and Pakistan now acknowledged as nuclear weapon capable countries, the proliferation issue and the related problem of missile capability are certain to remain major bilateral pre-occupations. This development has made conflict – avoidance between the two antagonists a key US regional security interest in South – Asia. The goal is to avoid a crisis that could lead to nuclear war between India and Pakistan and if possible, to induce New Delhi and Islamabad to renounce nuclear weapons. The quasi – nuclearization of the sub-continent could indeed mark as important a change in South-Asia as the end of the cold-war. A nuclear Pakistan has, in effect, achieved strategic parity with India, something it could never have hoped for with conventional weapons. How effectively and calmly Washington and New Delhi with this difficult and dangerous problem is

certain to have a major impact on the future course of the US-Indian relationship.

The first century of relations between the United States and India, in retrospect, has been disappointing – the clash of interests that began during World War II when Indian and Americans differed on basic priorities continued through the more than forty years of the cold-war. The two countries found themselves on opposite sides of major foreign and security policy issues dispute their common adherence to the democratic system. With the cold-war over, Indo-US relations could become more positive. It is uncertain, however, that the two governments will take advantage of this opportunity. Even though past problems are for the moment out of sight, they are not out of mind. New Delhi and Washington need to study and absorb the lessons of the past five decades if India and the United States are to forge a more constructive relationship in the years ahead.

The Kashmir problem is rooted in claims by both India and Pakistan to the former princely state, divided by a military line of control since 1948, into the Indian State of Jammu and Kashmir and Pakistan – controlled Azad (Free) Kashmir. Since late 1989, a separatist war, costing more than 30,000 lives, has been waged in the Indian– controlled Kashmir valley between Muslim separatists and their supporters and Indian security forces. India blames Pakistan for fomenting rebellion, as well as supplying arms, training, and fighters. Pakistan claims only to provide diplomatic and moral support. The longstanding US position on Kashmir is that the whole of the former princely state is disputed territory, and the issue must be resolved through negotiations between Indian and Pakistan, taking into account the wishes of the Kashmiri people.

A series of kidnappings and general strikes in the Kashmir valley, beginning in 1989, led India to impose President's rule (rule by the central government) on the state in 1990, and to send in troops to keep order.

Following a number of incidents in which Indian troops fired on demonstrators. Kashmiri flocked to support a proliferating number of military separatist groups. Some groups, such as the Jammu and Kashmir Liberation front (JKLF), continue to seek an independent or autonomous Kashmir. Other local groups, including the Hizbul Mujahideen (HM), seek union with Pakistan. In 1993, the All Parties Hurriyat (freedom) conference was formed as an umbrella organization for groups opposed to Indian rule in Kashmir. Hurriyat membership includes about 22 political and religious groups, including; JKLF (now a political group); Jamat-e-Islami (Political wing of the HM); Awami Action Committee; People's Conference; Muslim Conference; and People's League. The Hurriyat Conference, which states is committed to seeking dialogue with the Indian government on a broad range of issues, Proposes convening a tripartite Conference on Kashmir, including India, Pakistan and representatives of the Kashmir people. Hurriyat leaders also have demanded Kashmiri representation at any talk between Indian and Pakistan on Kashmir.

In 1995, the government of then – Prime Minister Narasimha Rao began efforts to restart the political process in Kashmir, where state elections had last been held in 1987; in May 1996, elections to fill the six seats for Jammu and Kashmir state were held as part of the General parliamentary elections called by the Rao government. Voter turnout in the state was about 40%, with some reports of voters being harassed to polling stations by the security forces. The elections served as a rehearsal for Jammu and Kashmir state assembly elections, which were held in September 1996. The National Conference (NC), the longstanding mainstream Kashmiri party led by Farooq Abdullah, along with other national and local parties, took part in the elections. The Hurriyat conference, calling the Polls a sham, refused to participate in the state in early October. The Polling, according to unofficial observers, fell somewhere between the Indian government's description of "a free and fair election" and the Hurriyat characterization of "a military operation." In March

– April 1998, Jammu and Kashmir state again took a part in general parliamentary elections. Pre-election violence and a boycott by the Hurriyat kept voter turnout in the state at an estimated 35% - 40% voter turnout in the state declined even further in the 1999 parliamentary elections.

India was concerned about the Afghanistan crisis and about the presence of Soviet troops so close to the sub-continent. Yet, India did not condemn the presence of Soviet troops – she abstained from voting against the Soviet Union in the United Nations General Assembly. This naturally did not please America. But the new strategic arrangement between America and Pakistan was bound to make India look to Moscow for arms supplies – this in turn led to an arms race in the sub-continent.

The Indo-Soviet military ties were discussed during two visits to India of Marshal Dmitriy Ustinov the then Soviet Defence Minister – in March, 1982 and again in March, 1984. India got from the Soviet Union a pledge of unrestricted access to the next generation of Soviet armament including those on Moscow's drawing board.<sup>7</sup>

There were some of the consequences of the Afghan crisis on the subcontinental.

According to the Reagan administration it was necessary to give military aid to Pakistan so that it could feel secure. But this made India insecure on the other side. After all, weapons supplied by America to Pakistan had earlier been used against India in 1965 and 1971, and America had done nothing about it. Therefore America was hardly justified in providing arms to Pakistan.

To meet Soviet threat, Pakistan should have normalized its relations with India further. India's offer of a "no war" pact was rejected by General Zia-ul-Haque who was more interested in castling in on the global security concerns of the United States. It helped him to prolong the military regime

and to arm Pakistan with highly sophisticated weapons. The rearming of Pakistan cause tension in Indo-American relations due to the insensitivity shown to New Delhi by America. An experienced south-Asia observer Selig Harrison noted in early 1981:

They frankly acknowledge that Pakistan wants help mainly to build up its military posture vis-à-vis India, and they have pointedly refused to give public or private assurances to New Delhi that Washington would not permit American arms to be used in an Indian – Pakistan: conflict. At bottom, the Administration's Policy reflects a belief that India has become a virtual soviet ally.<sup>8</sup>

During the 1979-89 period the arms supplied by the United States to Pakistan was induced by the Soviet intervention in Afghanistan. However, at the end of the cold-war, the soviets withdrew from Afghanistan. Eventually, the Soviet Union broke-up and this changed the global politics and the strategic environment in the region the significance of Pakistan as a strategic partner of America declined considerably. "There was no longer a need for a pipeline of weapon supplies to the Afghan resistance groups: Infact, the US has been increasingly concerned about regaining weapons, such as stringer missiles, that it has supplied to the resistance."<sup>9</sup>

Due to the American military aid to Pakistan, it appeared that Indo-American relations would worsen. Surprisingly, efforts were made by both India and American to prevent relations from souring further. A present effort to patch-up India's ties with America was made by Indira Gandhi when she met Reagan at the North-South Economic summit in Cancun, Maxico. She agreed to visit Washington. Moreover, India did try not to emphasize in its global and regional differences with the United States. India also tried to strengthen the existing bilateral relations as well as develop new areas of cooperation.

The most significant irritant in Indo-American relations was the belief in America that India was a close ally of the Soviet Union. Indira Gandhi took pains to remove this notion. First of all she refused to hold celebrations of the tenth anniversary of the Indo-Soviet Treaty of Friendship and cooperation. Then she visited Washington before Moscow and was cool towards Soviet offers of military assistance. Upon arriving in Washington Indira Gandhi attempted to directly placate the United States on the Soviet score. She said:

*We are friends with the Soviet Union, although people have tended to read much more in our treaty of friendship and cooperation. We do not agree with everything the Soviets do. We do not approve of the communist system. We are having difficulties with our communists and Marxists within India but this does not affect our overall policy of co-existence with as many countries as possible.<sup>10</sup>*

According to the U.S. State Department Indian Country Report on Human Rights Practices for 2001 (March 2002), these continued to be significant human rights abuses, despite extensive constitutional and statutory safeguards.

Many of these abuses are generated by a traditionally hierarchical social structure, deeply rooted tensions among the country's many ethnic and religious communities, violent secessionist movements and the authorities' attempts to repress them, and deficient police methods and training. These problems are acute in Jammu and Kashmir, where judicial tolerance of the Government's heavy handed anti-militant tactics, the refusal of security forces to obey court orders, and terrorists' threats have disrupted the judicial systems. Some 350,000 – 450,000 Indian security forces remained in Jammu and Kashmir in 2001. Insurgency related deaths in the state civilians, militants,



and security forces – totaled more than 2700 in 2000, and human rights abuses by both security forces and militants continued to be a serious problem.

In dealing with regional dissidence, the Indian government has employed a wide range of security legislation, including laws that permit authorities to search and arrest without warrant and detain person for a year without charge or bail. Other security laws prescribe sentences of not less than 5 years for disruptive speech or actions. Special courts have been established minority of more than 120 million (12%). Christians, Sikhs, Buddhists, Jains, and others each total less than 3%. Although freedom of religion is protected by the Indian government, human rights observers have noted that India's religious tolerance is susceptible to attack by religion extremists. Government's Policy does not favour any group, but some years have been raised by the coming to power of the Hindu nationalist Bhartiya Janata Party (BJP) since 1998. In 1999-2000, the BJP government came under increasing criticism, both domestically and internationally, as a result of a number of incidents in which Indian Christians were attacked or killed and their places of worship destroyed, particularly in Gujarat, Orissa, and Tamil Nadu states. According to Indian Press reports, most of the attacks allegedly were carried out by Hindu nationalist organizations associated with the BJP other incidents of violence and intolerance toward religious group – Muslims, Sikh, Christian and Hindu – continue to occur in many parts of the country, including Jammu and Kashmir, Punjab, Bihar and the North-east.

A National Human Rights Commission (established in 1993) has investigated abuses in Punjab, Kashmir, and the North-east, supported training programmes for security forces, and made recommendations to the central and the state governments. Seriously understaffed, the NHRC received an estimated 40,700 complaints in 1998-99. The Supreme Court also has become more active in combating the custodial excesses of the Police by placing stringent requirements on arrest procedures and granting

compensation for Police abuse victims. In 1997, the Supreme Court ordered prison reforms addressing overcrowding, torture, and neglect of health and hygiene of prisoners. In 1997, India signed the UN convention Against Torture and other cruel Inhuman, or degrading treatment or punishment.

According to many economic observes, India's most pressing need is for a stable government that will complete its five year term and be strong enough to make tough economic decisions. The political uncertainty of four Prime Ministers in less than two years reportedly has cast a Pall over foreign investors confidence and weakened the rupee. The congress party in created with instituting economic reforms in 1991, and turning around the Indian economy, which had been on the brink of default. Under Finance Minister Manmohan Singh, India at that time began that meet in secret and are immune from the usual laws of evidence. In some cases, security forces are given permission to shooter to kill. As reported 5,000 Kashmiris currently are in jail under anti-terrorist laws. In general, India has denied international human rights groups, including amnesty International and Human Rights watch, official access to Kashmir, Punjab, and other sensitive areas. In 1995, however, the Indian government allowed the International committee of the Red Cross (ICRC) permission to begin a programme of prison visits in Jammu and Kashmir. ICRC representatives also continued to begin a programme of prison visits in Jammu and Kashmir. ICRC representatives also continued training Police and border security Personnel in International humanitarian law. Both Amnesty International and Human Rights watch have expressed grave concern over serious human right abuses by militant groups in Kashmir and Punjab, including Kidnapping, extortion and killing of civilians. In July 1995, four western tourists, including American Donald Hutchings were kidnapped in Jammu and Kashmir state by Al-Faran, allegedly part of a Pakistan – based militant group, Harakat-ul-Ansar (HUA) – since 1997, the HUA – which later renamed itself the harkat-ul-Mujahideen – has been on the US State Department list of foreign terrorist organizations. In August 2001, a

little known militant group, Lashkar-e-Jabbar, issued an edict that all Kashmiri women must wear a Burqa – a gown that covers them from head to foot, similar to what the Taliban government in Afghanistan forced women to wear – “as be dealt with sternly.” Kashmiri women traditionally have not worn the Burqa – the Lashkar-e-Jabbar reportedly have since claimed credit for throwing acid in the faces of several women teachers and students not wearing burqas in Srinagar. In the back drop of the current military standing between India and Pakistan which began after Islamic militants attacked the Indian parliament in December 2001, American journalist Daniel Pearl was abducted in January 2002 and then killed one month later by extremists believed directly or indirectly connected with Pakistan based Kashmir Jihadi groups.

A secular nation, India has a long tradition of religious tolerance (with occasional lapses), which is protected under its constitution. India's population includes a Hindu majority of 82% as well as a large Muslim the task of restructuring its economy and opening its markets to foreign trade and investment. As a result of these Policy changes, annual direct foreign investment rose from about \$100 million in 1990 to \$2.4 billion in 1996 more than one-third of these investments were by US companies, including IBM, Motorola, Enron, Coca Cola, Pepsico, Morgan, Stanley, Merrill Lynch, AT & T, Raytheon, Kellogg, Proctor & Gamble, Ford, and Mobile. Most analysts expect economic reforms to remain in place, but question the rate at which they will move forward.

The new BJP government is faced with an economy in the midst of a slowdown. Gross domestic product (GDP) grew an estimated 5% for the fiscal year ending March 31, 1998, down from 7.5% in 1996-97. The agriculture – fishing – forestry sector growth rate slumped to an estimated – 2% compared to 7.9% the previous year – the manufacturing growth rate declined from 7.4% in 1996-97 to an estimated 6.1% for 1997-98. Foreign direct investment for the period April – December 1997 reportedly was \$2.5

billion, compared \$2.7 billion for the same period in 1996. India's foreign reserves dropped from \$30 billion in August 1997 to \$27.3 billion in late February 1998. The Centre for monitoring Indian Economy secretary reported some 150 new Public and private sector projects were stalled or abandoned in the past two years, including power and industrial projects, for causes ranging from Political and environmental opposition to a slowdown in economic reforms and sluggish market conditions.

The BJP, a pro-business party, by and large has supported India's economic system reforms but with a nationalist caveat. The party supports foreign investment in such areas as infrastructure but opposes any foreign investment where it would compete with the Indian industry, such as in consumer goods production. BJP leaders have stated that they would prefer to slow down the pace of India's globalization in order to gain domestic industry 5-10 years to integrate with the global economy – the new BJP government, formed in late March 1998, has sent out mixed signals on its economic game plan. The new Finance Minister, Yashwant Sinha, served in that post in a short-lived socialist coalition government in 1990, and is viewed as a moderate, but not a strong economic reformer. In his early statements, he promised to cut red-tape and streamline policies in order to woo foreign investment mainly in the infrastructure sector. A clearer vision of the BJP government's economic Policy as well as its chances for political survival will emerge when it puts forth, and attempts to pass, its first budget in June.

U.S. exports to India for 1997 were \$3.6 billion, while the U.S. imports from India for 1997 totaled \$7.3 billion. Despite significant tariff reductions and other measures taken by India to improve market access, according to the report of the United States Trade Representative (USTR) for 1997, a number of foreign trade barriers remain. US exports that reportedly would benefit from lower India tariffs include fertilizers, wood products, computers, medical equipment, scrap metals and agricultural products. The import of consumer goods is restricted and other items, such as agricultural commodities and

petroleum products, may only be imported by government trading monopolies. The USTR also cited barriers that continue to exist in India's financial services sector. Almost all insurance companies are government owned, as are most banks. Largely dominated by the state, India's banking industry has been widely criticized for its inefficiency and poor services and regarded as a stumbling block in India's efforts to open up the economy. Public sector banks, which include 90% of India's bank branches, handle 85% of the country's banking business, which include 90% of India's bank branches, handle 85% of the country's banking business. In a sign that India's banking industry may be opening up, approval has been given for 25 new foreign banks and bank branches to operate in India since 1993. Five US banks now have a total of 16 branches in India.

Inadequate intellectual property rights protection, by means of patents, trade marks and copyrights has been a long-standing issue between the United States and India. Major areas of irritation have included pirating of US pharmaceuticals, books, tapes and videos. US motion picture industry representations estimated their annual losses due to audiovisual piracy in 1997 to be \$66 million. In May 1991, the USTR cited India as a "Priority foreign country" under the special 301 provision of the 1988 Trade Act for its lack of protection and enforcement of Intellectual property rights. After a 9 month investigation the USTR further determined that, although India had strengthened its trademark and copyright laws, patent protection remained weak, adversely affecting US commerce. As a result, the Bush Administration in 1992 suspended duty – free privileges under the Generalized system of preferences (GSP) for about \$80 million in Indian exports of Pharmaceutical and related products. In April 1993, the USTR again named India as a "Priority foreign Country" under "special 301." The Indian Parliament, in May 1994, passed amendments to the country's copyrights law designed to strengthen intellectual property rights protection. In view of the new copyright law and proposed legislation on trademarks, the USTR in June 1994

moved India from the priority foreign country list to the less stringent “Priority Watch list,” while continuing to urge Indian’ adoption of patent protection legislation. India remained on the priority watch list in 1998.

## **U.S. Aid**

The relatively small US aid programme for India FY-1998 includes an estimated \$51.35 million in development assistance, \$91.874 million in P.L. 480 funds, and \$475,000 for international Military Education and Training (IMET). For FY-1999, the Clinton Administration has requested \$56.5 million for development has requested \$56.5 million for development assistance, \$91.752 million in PL-480 funds, and \$450,000 for IMET. In recent years, the US Agency for International Development (AID) increasingly has focused on sustainable development programmes that support India’s efforts to restructure and privatize its economy. The major AID goals in India for FY-1997 include: encouraging broad-based economic growth; stabilizing population growth; enhancing food security and nutrition; protecting the environment; reducing transmission of HIV infection; and expanding the role and participation of women in decision – making PL-480 funds go to providing, Food assistance, largely through private voluntary agencies. First lady Hillary Clinton visited Indian 1995 as part of a five-nation tour of South-Asian projects in support of women’s economic and social development. The first lady announced that India would received the first grant, for \$500,000 of a new US. Agency for International Development Initiative for educating girls and women. In 1997-98, the United States provided about 2.5% of the %6.6 billion in donor assistance to India and in its sixth largest donor. Major donors include, the World Bank, the Asian Development Bank, the European Union, Japan, Germany and the United States.

## **Narcotics**

India is the world's largest producer of opium for Pharmaceutical purposes, some of which reportedly is diverted illegally to heroin production. The country has an estimated 1.2 million for drugs originating in both Pakistan and Burma, and also is a major supplier to both countries of the chemical used in manufacturing heroin. Thousands of gallons of acetic anhydride reportedly are shipped by camel through Rajasthan state to Pakistan, where some of it is passed on to drug manufacturers in Afghanistan. Smaller amounts of the chemical, which is produced in the New Delhi area, are also smuggled through India's North – east to heroin producers in Burma.

Counter narcotics efforts in both India and Pakistan are hampered by lack of political and budgetary support, lack of infrastructure in drug-producing areas, and corruption among Police, government officials and local politicians. US Counter – narcotics assistance to India consists mainly of funding training programmes for enforcement personnel and the Indian coast – Guard. Major counter – narcotics efforts by the Indian government in 1996 included improved cooperation with Pakistan on counter-narcotics efforts and implementation of new policies aimed at reducing the diversion of legally produced of opium to the illegal market. Although the Indian government is becoming more concerned about the drug problem, observes note there needs to be an increase in political support and resources for counter-narcotics efforts.

Although the end of the cold-war has freed US India relations from the constraints of a bipolar world, relations continue to be affected by the burden of history, most notably the longstanding India – Pakistan regional rivalry. The main areas of U.S. and congressional interest in India include nuclear weapons and missile proliferation, regional stability human rights and economic policy issues.

The major U.S. concern in South-Asia is the prevention of nuclear and ballistae missile proliferation and the reduction of tensions between India and Pakistan, which centre on their compelling claims to the former princely state of Kashmir. India and Pakistan, both of which are believed to have nuclear weapons capability have so far ignored U.S. and international pressure to sign the Nuclear non-proliferation Treaty or comprehensive Test Ban Treaty (CTBT). Neither sanctions applied to India nor a cutoff of aid to Pakistan appears to have dampened the drive by both countries to acquire weapons of mass destruction and the means to deploy them. Partly through US encouragement, India and Pakistan have adopted some confidence – building measures such as periodic meetings of senior military commanders and a pledge not to attack each other's nuclear facilities. Despite these steps, India-Pakistan relations continued to deteriorate in 1996.

Congress has been particularly concerned with human rights issues related to regional dissidence and separatist movements in Kashmir, Punjab and India's North-east region. Strife in these areas over the Past several years has resulted in the deaths of thousands of civilians, militants and security forces. International human rights groups, as well as congress and the US state Department, have criticized India for alleged human rights abuses by its security forces, including mass arrests, indiscriminate firing on civilian crowds, rape, burning of business and residential neighbourhoods, and torture and execution of prisoners in custody. In recent years, congress has expressed its concern over human rights violations in Kashmir and Punjab in numerous resolutions, amendments and committee reports.

The United States has been highly supportive of India's efforts to transform its formely quasi – socialist economy through fiscal reform and market opening. After coming to power in 1991, the Narasimha Rao government, under the guidance of Finance Minister Manmohan Singh, began reducing inflation and the budget deficit, privatizing state owed industries, reducing tariffs and industrial licensing controls, and instituting incentives to



attract foreign trade and investment. Rapidly expanding US India economic relations were a major focus of the May 1994 visit of Ron to the United States, as well as Subsequent visits to India by several US cabinet level delegations. A United Front Coalition Government, led by Prime Minister Deve Gowda, that came to Power following Indian parliamentary elections in May-June 1996, continued India in the path of economic reform and market opening. I.K. Gujral, who succeeded Deve Gowda as Prime Minister in April 1997, pledged to continue economic reforms. However, India's market access barriers in some sectors, as well as its inadequate intellectual property rights protection for pharmaceuticals, books, tapes and videos, continue to be concern.

US and congressional interest in India includes a wide spectrum of issues, ranging from nuclear and missile proliferation concerns through human rights, trade and economic Policy questions. In recent years these interests have been particularly affected by three developments:

- 1) The end of the cold-war and India's subsequent need to diversify its international relationships;
- 2) The adoption of seeping economic policy reforms by the Narasimha Rao government beginning in 1991; and
- 3) Deepening bitterness in ties between India and Pakistan over the Kashmir dispute and ongoing Indian pre-occupation with china as a long-term source of strategic threat. Congress has been particularly focused on nuclear proliferation, human rights and trade issues. Numbers of member have backed measures that would seek cuts In U.S. aid to India as means of expressing dissatisfaction with Indian's human rights policies.

Caught off guard by the precipitous end of the cold-war, India has sought over the past several years to adopt to new global realities that have antiquated many of its former policies, roles and alliances. With the demise of

the Soviet Union, India lost a reliable source of economic assistance and military equipment, a key trading partner, and the promise of political support in its adversarial relationship with neighbouring China and Pakistan. Moreover, the end of a bipolar world has made India's traditional role as a leader of the non-aligned world something of an anachronism.

Both India and the United States are actively exploring the opportunity presented by the end of the cold-war for a more normal relationship between the worlds two largest democracies. The 6-day visit to the United States by Indian Prime Minister Narasimha Rao, in May 1994, marked the beginning of a significant improvement in U.S. India relations. Rao addressed a joint session of the congress and met with President Clinton. Although discussions were held on nuclear non-proliferation, human rights and other issues, the main focus of the visit was rapidly expanding U.S. India economic relations.

Heading the list of U.S. objectives in south Asia in the prevention of nuclear and ballistic missile proliferation along with the reduction of regional tensions that could trigger the use of such weapons. Both India and Pakistan are believed by analysts to have crossed the nuclear weapons capability threshold, although most open – source information suggests that of a nuclear device in 1974. In October 1990, the United States cut off aid to Pakistan device, “as required under section 620 E(C) of the Foreign Assistance Act (FAA), the so-called “Pressler amendment. “A Pakistan government official acknowledged in February 1992 that the country has enough enriched uranium for 10-15 weapons. Statements in August 1994 by then former Prime Minister Nawaz Sharif that Pakistan has an atomic bomb were denied by Prime Minister Bhutto. India is thought to have enough enriched uranium for 75 or more nuclear weapons.

To date, the cutoff, of US aid to Pakistan and sanctions applied to an Indian space research company for the proposed purchase of Russian booster rockets have done little to slow the pace of either country's nuclear and

missile programmes. Both India and Pakistan have combat aircraft that with modification, would be capable of delivering nuclear weapons. Both countries are believed to be seeking to develop or acquire ballistic missiles with the capability of striking each other's major population centres. India has tested both its short-range Prithvi Surface-to-Surface missile and its Intermediate Range Ballistic Missile (IRBM), Agni. Pakistan also has tested both short and intermediate range missiles, the technology for which was reportedly obtained from China.

Attempts to pressure the two countries to sign the NPT so far have been met by India's insistence on a non-discriminatory global nuclear non-proliferation regime, including the abandonment of nuclear arms by the Chinese, and Pakistan's stance that it will sign the NPT when India does. On September 10, 1996, India was one of only three nations to vote against the adoption of the comprehensive Test Ban Treaty (CTBT) by the United Nations General Assembly. In the 158-3 vote, Libya and Bhutan also voted no, while five other nations abstained. Then Prime Minister Deve Gowda said that India would not sign the treaty in its present form as it was highly discriminatory. This has been reiterated by Prime Minister Gujral on several occasions. Pakistan, which voted for the CTBT, has stated that it will not sign the treaty unless India does.

The United States responded to increasing friction between India and Pakistan over Kashmir, beginning in early 1990, by strongly encouraging both governments to continue to institute confidence-building measures in order to reduce tensions. Measures adopted to include: agreement on advance notice of military movements; establishment of a military commander "hotline"; an exchange of lists of nuclear installations and facilities; a *joint* ban on use and Production of chemical weapons; and *measures to prevent air space violations*.

Since 1993, the United States has held several rounds of high-level talks on south-Asian regional security and non-proliferation issues with both India and Pakistan. U.S. officials have urged the two countries to adopt additional confidence-building measures, including an agreement not to conduct nuclear detonations, a cut-off of fissile material production, and the placement of safeguards on nuclear facilities. Recognizing that real regional security is dependent on reduction of underlying tensions, the United States has also suggested that India and Pakistan consider the following steps: the opening of an Indo-Pakistani dialogue on Kashmir, leading initially to the demilitarization of the Siachen Glacier area; a mutual reduction of conventional arms and defence expenditures; an agreement by both countries to step back from involvement in each other's regional unrest; restarting talks at the foreign secretary level; and the opening of trade ties between India and Pakistan.

In a move to strengthen U.S. Secretary ties with India and Pakistan, U.S. Secretary of Defence William J. Perry visited both India and Pakistan in early January 1995, the first visit to the region by a US Defence Secretary since the waning days of Cold-War. Perry's visit focused on ways to further peace and stability in the region, as well as expand areas of closer defence cooperation, including peacekeeping efforts. Both countries were urged to adopt a commitment to greater transparency with each other by exchanging defence budgets and planning, as a means of mutual confidence – building. Noting that a solution to the Kashmir problem is necessary before India and Pakistan can develop a normal relationship, Perry restated the U.S. offer to provide whatever help it can if requested by both parties.

By early 1996, however, the United States had become concerned over signs of increasing tensions and nuclear and missile proliferation in south-Asia. In December 1995, U.S. Press reports, based on US. Intelligence leaks, suggested that India might be preparing to test a nuclear weapon at Pokhran in the Rajasthan desert, where it conducted its first and only nuclear test in 1974.

India promptly denied the reports. In January, India tested a longer range, nuclear – capable version of its Prithvi missile. The U.S. Press reported in early February on leaked U.S. intelligence reports that China sold to Pakistan, in 1995, ring magnets that can be used in enriching uranium for nuclear weapons. Through out much of 1996, India and Pakistan traded heavy fire along the line of control (LOC) that divided their forces in the disputed area of Kashmir. There also were frequent accusations by both Islamabad and New Delhi of harassment and intimidation of each other's diplomats, as well as expulsions of members of each other's diplomatic corps on charges of espionage.

By early 1997, there were signs of a thaw in India-Pakistan relations related, in part to changes of relationship in the two countries. Foreign secretary talks, which had been broken off since January 1994, were reinstated, and three sets of talks were held in 1997. Prime Minister Gujral met with Pakistan Prime Minister Sharif several times during the year for talks that were reportedly cordial and upbeat. In May the two leaders agreed to set-up a hotline between them; exchange civilian prisoners, including several hundred fishermen, and resume foreign secretary talks.

On June 3, the Washington post reported that India had moved Prithvi missiles to a site in north-west Punjab state. Pakistan foreign Minister Gohar Ayub Khan responded to the report on June 4, saying "India has created a dangerous security environment." U.S. State Department spokesman Nicholas Burns stated on June 4, "we would see that the deployment by either (India or Pakistan) of ballistic missiles would be fundamentally contrary to the recent good progress made in the relationship. We hope this will be one of the central issues in their own discussions – the prevention of a deployment of ballistic missile in either country." On June 11, Indian Prime Minister I.K. Gujral denied that India had deployed missiles on the border with Pakistan. According to various unconfirmed news reports, fewer than a dozen Prithvi missiles have been stored, but not deployed, in Punjab state.

Despite the reported movements, in India and Pakistan foreign secretaries met in June and agreed on an agenda for future talks to set up working groups. These groups are seated to tackle a range of issues, including: Peace and security Jammu and Kashmir; Siachen Glacier; Terrorism and drug- trafficking; economic and commercial cooperation; Sir Creek estuary on the Arabian Sea; and waller barrage/Tulbul Navigation Project in Kashmir. In November, a Political crisis in India resulted in the resignation of the Gujral government. Foreign secretary talks were again put on hold until after the Indian Parliamentary elections in February – March 1998.

On September 1997, President Clinton met with both Prime Minister Gujral and Prime Minister Sharif at the United Nations in New York. The meetings were followed by a series of visits to the sub-continent by High-level Clinton Administration officials, including secretary of state Madeline Albright, who visited India and Pakistan in November 1997. The visits were billed as part of a Clinton Administration initiative to increase U.S. engagement in South-Asia. In New Delhi, Albright met with Prime Minister I.K. Gujral President K.R Narayanan, and other officials on the whole range of bilateral and regional issues. Albright signed an updated and expanded overseas Private Investment corporation agreement. President Clinton is expected to visit India an Pakistan in September 1998, the first U.S. President to do so since President Carter's visit in 1978.

Unlike U.S. Pakistan military ties, which date back to the 1950s, military cooperation between the United States and India is in the early stages of development. In recent years, joint Indo-U.S. steering committees have been established to coordinate relations between the two countries' armed services, including exchange visits, technical assistance, and military exercise. Naval cooperation so far has included a 20-day special operations joint exercise focused on marine counter-terrorism and Peace-keeping operations at Ratnagiri in 1994. Indo-U.S. naval focus also conducted joint exercises 1995

and 1996. An Indian naval contingent supported the U.S. led U.N. peace-keeping mission in Somalia starting in December 1992. India's ground troops in Somalia, which numbered 5,000 in mid 1994, received high praise for their humanitarian as well as peace-keeping efforts. In 1997, India had about 900 U.N. peace keeping forces, mainly serving in Angola and Bosnia. Hercegovina. In June 1997, on high-level team of Indian official was in Washington to sign a U.P. India treaty for the extradition of fugitive offenders. The Treaty was described by both sides as an important step in efforts to combat the Problems of international terrorism and narcotics trafficking.

An important but widely ignorant aspect of the Indo-U.S. nuclear deal was underlined, if only inadvertently, by one of its leading critics, Strobe Talbott, a senior official of the Clinton Administration who was engaged in India after the 1998 nuclear tests. Writing immediately after the nuclear deal was announced, Talbott argued, "India and the United States have both shown a penchant for going it alone – India in defying the international community including the US with its tests, the Bush administration on attacking Iraq over the objections of the United Nations and many of its own closest allies. If the Indian and American versions of unilateralism reinforce one another, it will work to the detriment of institutions like the United Nations and risk turning treaties like the NPT from imperfect but useful mechanisms into increasingly ineffectual ones. It is not criticism of the nuclear pact from Talbott that detains us here; it is the insight that the "Penchant for going it alone" that brought the Bush Administration together with India. Attacks on the Bush Administration for its unilateralism and rejection of multilateralism are legion. But few would associate India with unilateralism. But Talbott is right in underlining the unilateralist streak in India's foreign policy.

India's decision to conduct the tests in May 1998 when much of the world had agreed on ending nuclear tests in 1996 only accidentally points to Indian unilateralism which goes deeper. If the truth be told, India is much

closer to the Bush Administration in the debate on unilateralism and multilateralism that grappled the world when President Bush came to power in 2001. In India largely ducked the debate between the conservatives in the United States on the one hand and the liberals across the Atlantic on the role of the United Nations and multilateralism. Having gone to the United Nations with its Kashmir problem with Pakistan immediately after independence, India was inculcated against the periods of multilateralism believes the power to use military force in defence of national security cannot be handed over to a bunch of the unelected bureaucrats in the UN, and democracies like itself should have the power to decide, unilaterally if necessary, on use of force. Indian position is not dissimilar. As a large nation, India sees sovereignty as supreme and has refused to let the UN meddle in matters of security concerns to New Delhi, Kashmir, Nepal, Sri Lanka to name a few. In 1971, when it liberated Bangladesh, India did not await permission from the United Nations. Few nations, and none of its fellow travelers in the Non Aligned Movement stood up for India when it vivisected Pakistan in the name of a humanitarian intervention.

Yet, India strongly opposed attempts in the 1990s to empower the United Nations to intervene in failing states without a reference to sovereignty while India always mouthed the slogan of multilateralism, its conception of the United Nations remains as an "Inter-national" rather than a "supra national" one that liberals across the Atlantic have been clamouring for like all great powers, India does not want an intrusive United Nations to interfere in its own internal affairs, nor would it want the United Nations to constrain Delhi's options in dealing with security beyond its borders. Indian endorsement of the Bush Administration's Plans for missile defence in 2001, which was greeted with dismay at home and abroad, was not a rare exception to the past norm of inevitable disagreement between New Delhi and Washington on global issues. On a range of other issues, too, whether it was the question of managing global warming or opposing the intrusive provisions



of the International criminal court, India found unexpected convergence with many Bush Positions. There was a time when India was among the countries which voted most often against the US at the United Nations. Even the erstwhile Soviet Union and China were more in agreement with the US than India. By sheer force of habit, India might still be voting against the US on many resolutions in the UN. But on important issue there is a new convergence with the US.

Underlying this trend appear to be a real parallelism between Indian foreign policy interests and those more identified as American interest by the Bush Administration. In the past India was enthralled by the American liberal, who were critical of the US neglect of democratic India during the cold war. But since the collapse of the Soviet Union, the liberal internationalists in the US had become too interventionslist for Indian comfort. For many liberals in Washington preventing the spread of nuclear weapons had become religion. On top of it they called for American diplomatic activism on India – Pakistan relations and the resolution of the Kashmir conflict. The Bush Administration came from the other end of the spectrum with a hand off approach on Kashmir. It was ready to live with and manage the reality of nuclear weapons in the sub continent rather than seek a roll back. And the Bush administration was willing to treat India as a major power and give it a higher billing in the global strategic calculus. No wonder India found the Bush Administration very congenial to its own national interests.

## **Security**

*Nuclear Weapons and Missile Proliferation* : On May 11 and 13, 1998, India conducted a total of five underground nuclear tests, breaking a 24 year self imposed moratorium on nuclear testing. Pakistan followed, claiming 5 tests on May 28, 1998, and an additional test on May 30 the unannounced tests created a global storm of criticism as well as a serious set back for decades of

US nuclear non proliferation efforts on South Asia. On May 13, 1998, President Clinton imposed economic and military sanctions on India, mandated by Section 102 of the Arms export control Act (AECA), and applied the same sanctions to Pakistan on May 30. Some effects of the sanctions on India included, termination of \$ 21` million in FY – 1998 economic development assistance, postponement of \$ 1.7 billion in lending by the international Financial Institutions (IFI). As supported by the group of Eight (G – 8) leading industrial nations; Prohibition on loans or credit from US banks to the government of India, and termination of Foreign Military Sales under the Arms Export control Act. Humanitarian assistance, food, or other agricultural commodities are exempted from sanctions under the law.

U.S. policy analysts consider the continuing arms race between India and Pakistan as perhaps the most likely prospect for the future use of nuclear weapons. India conducted its first and only, previous nuclear test in May 1974, following which it maintained ambiguity about the status of its nuclear programme. Pakistan probably gained a nuclear weapons capability some time in the 1980s. India is believed to have enough Plutonium for 75 or more nuclear weapons. Pakistan may have enough enriched uranium for 25 nuclear weapons. Both countries have aircraft capable of delivering weapons. India has short range missiles (Prithvi) and is developing an intermediate range ballistic missile (Agni) with enough payload to carry a nuclear warhead. Pakistan reportedly has acquired technology for short range missiles (Shaheen) from China and medium range missiles (Ghauri) from North Korea, capable of carrying small nuclear warheads.

*Proliferation in South Asia is part of a chain of rivalries –* India seeking to achieve deterrence against China, and Pakistan seeking to gain an equalizer against larger and conventionally stronger India. India began its nuclear programme in the mid 1960s, after its 1962 defeat in a short border war with China and China's first nuclear test in 1964. Despite a 1993 Sino Indian troop reduction agreement and some easing of tensions, both nations

continue to deploy forces along their border. Pakistan's nuclear Program was prompted by India's 1974 nuclear test and by Pakistan's defeat by India in the 1971 wars and consequent loss of East Pakistan, now independent Bangladesh.

*U.S. Non Proliferation Efforts:* Neither India nor Pakistan are signatories of the Nuclear non proliferation Treaty (NPT) or the comprehensive test Ban Treaty (CTBT). India has consistently rejected both treaties as discriminatory, calling instead for a global nuclear disarmament regime. Pakistan traditionally has maintained that it will sign the NPT and CTBT only when India does so. Beside from security concerns, the governments of both countries are faced with the prestige factor attached to their nuclear programs and the domestic unpopularity of giving them up. Following the 1998 tests, the United States set forth five steps India and Pakistan need to take in order to avoid a de-stablising and missile competition, they include the following:

*Halt further nuclear testing and sign and ratify the CTBT:* US and international pressure after the 1998 nuclear tests produced resolutions by the UN Security Council and the group of Eight (G-8) urging India and Pakistan to sign the CTBT. Japan the largest bilateral aid donour for both countries – made resumption of its aid programmes contingent on signing the CTBT and assurances not to transfer nuclear technology or material to any other country. In October, 2001, however, Japan suspended sanctions against both countries in recognition of their support for the US led war on terrorism. Although both India and Pakistan currently observe self imposed moratoria on nuclear testing, they continue to resist signing the CTBT a position made more tenable by US failure to ratify the treaty in 1999.

*Halt Fissile Material Production; Cooperate in FMCT negotiations:* Both India and Pakistan have agreed to participate in negotiations on the fissile material control treaty. Both countries, however, have expressed

unwillingness to halt fissile material production at this state in the development of their nuclear weapons programmes.

*Refrain from deploying or testing missile or nuclear weapons:* The United States has urged India and Pakistan – with little success – to adopt constraints on development, flight testing, and storage of missiles, and barring of nuclear – capable aircraft. On April 11, 1999, India tested its intermediate range Agni II missile, firing it a reported distance of 1,250 miles. On April 14-15, Pakistan countered by firing its Ghauri II and Shaheen missiles with reported ranges of 1,250 and 375 miles, respectively. India tested a longer version of its short range Prithvi missile in December 2001 and claims it successfully tested a new short range version of the Agni on January 25, 2002.

In August 1999, India's Bhartiya Janta Party (BJP) government released a draft report by the National Security Advisory Board (NSAB) on India's nuclear doctrine. The report, although retaining India's "no first use" policy, called for creation of a credible nuclear deterrence and adequate retaliatory capability should deterrence fail. It proposed nuclear weapons "based on a triad of aircraft, mobile land based missiles and sea based assets." The United States and other countries criticized the documents as destabilizing, noting that, if adopted the proposed policy would ratchet-up nuclear arms racing in the region.

*Maintain and Formalize restraints on sharing sensitive goods and technologies with other countries:* Both India and Pakistan apparently have good records on non proliferation of sensitive technologies and have issued regulatory orders on export controls. Since May 1998, both countries have continued to hold export levels talks with US officials on export controls. U.S. concern was raised in late 2001 by disclosures that two retired Pakistani nuclear scientists had briefed bin Laden and other Al Qaeda officials on several occasions the war in Afghanistan also heightened fears of instability

in Pakistan that could lead to Islamabad's nuclear assets being compromised in the event of a radical Islamist military coup. This has resulted in renowned US policy debate on transfer of nuclear weapons safeguards technologies to Pakistan and / or India. India also continues to press for ending of export controls on daily use technologies that it needs for its civilian nuclear and space programs, which has raised US Policy debates on export controls and technology transfer.

## **U.S.-Assistance**

The United States is the third largest bilateral aid donor to India, after Japan and Britain. According to the US Agency for International Development, India has more people living in object poverty – upwards of 300 million – than do Latin America and Africa combined. From 1947 through 2003, the United States provided more than \$ 14 billion in economic loans and grants to India. Current USAID programmes in India concentrate on five areas.

1. *Economic growth:* (increased transparency and efficiency in the mobilization and allocation of resources).
2. *Health:* (improved overall health with a greater integration of food assistance, reproductive services, and the prevention of HIC / AIDS and other infectious diseases);
3. *Disaster management;*
4. *Environmental Protection:* (improved access to clean energy and water; the reduction of public subsidies through improved cost recovery; promoting more efficient technology and management), and
5. *Education:* (improved access to elementary education, and justice and other Social and economic services for vulnerable groups, especially women and children).
6. *Security:* From 1947 through 2003, the United States provided \$ `153 million in military assistance to India (94% of this amount was

distributed from 1962-1966). Security related assistance for FY 2003 military training and non – proliferation export control enhancement was \$ 2 million, with greater emphasis on training in FY – 2004. An April 2002 request for a new \$ 50 million FY 2003 FY – 2003 FMF Program to promotion cooperation and interoperability among the US and Indian militaries was later renounced as was a \$ 5 million FMF request for FY 2004 that was to include high tech surveillance equipment, ground sensors for use along the Kashmir LOC, and nuclear / biological / chemical discontinuation equipment the United State also provided funds for Indian counter – narcotics efforts.

## **US Aid**

Some time in 1999, the population of India crossed the 1 billion mark and is projected to exceed that of China by 2035. One – third of India`s people live below the poverty line India have more poor people than Africa and Latin America combined and half its children are malnourished. India has more HIV infected people (4 million) than any other country. The already low country wide female literacy rate of 39% dips to 30% in some regions and rural areas. Nearly 40% of India`s urban population lives in slums with no access to clean water and sanitation services.

The US foreign aid appropriation for India for FY 2002 will devote \$ 70-9 million in Development Assistance / Child Survival and Health Programms (DA/ CSH); \$ 7 million in Economic support Funds (ESF; \$ 86.4 million in P.L. 480 food assistance, \$ 1 million in IMET; and \$ 900,000 in Non proliferation, Anti terrorism, demising and related programs (NADR– ECA), the major USAID goals in India for FY 2002 include , encouraging broad barred economic growth; stabilizing population growth); enhancing food security and nutrition; protecting the environment; reducing transmission of AIDS / HIV and other infections diseases; and expanding the role and participation of women in decision making. P1 480 funds go to providing

food assistance, largely through private voluntary agencies. In 2001, the office of US Foreign Disaster Assistance (USAID / OFDA) gave \$ 3.6 million in disaster assistance for flood relief in West Bengal, \$ 1 million for floods in Orissa, \$ 12.8 million for earthquakes, and \$ 1.2 million for drought relief. The United States is the third largest bilateral aid donor to India, after Japan and the United Kingdom. The FY – 2003 add request includes \$ 75.2 million for DA / CSH; \$ 25 million for ESF; \$ 1 million for IMET and \$ 50 million for Foreign Military Financing (FMF).

Globalization is defined in what follows as integration of economic activities, via markets. The driving forces are technological and policy changes falling costs of transport and communications and greater reliance on market forces. The economic globalization discussed here has cultural, social and political consequences (and preconditions).

In his book *When Corporations Rule the World*, David C. Korten warns that the “globalised economic system has an inherent bias in favour of the large, the global, the competitive, the resource extractive and the short term”. The Government of India therefore, ought to be cautious of its diving thrust for the liberalization of the economy and opening it to foreign capital and to MNCs and in particular guarantees that the traditional social cultural values are not permitted to erode.

Globalization means eclipse of state authority in regulation and control of the economy and leaving it completely at the mercy of the market forces. In such a situation the determination of employment, prices interest rates, exchange rates, wages rates and all that are left at the hands off from all such responsibilities. It is argued in favour of globalization that it would and attracting foreign capital in our country that would accelerate our growth rate. Examples of South Korea, Taiwan, Hong Kong, Singapore, Malaysias etc., are cited in this connection. In my point of view such almost city like states would not be path setters to such a vast country like India is still only a

market for their manufacturers. They feel introverted of inventing their capita in high tech and manufacturers. Most of the foreign capital that has come in India after the declaration of this policy is in the shape of portfolio investment that is highly unstable and may fade away from this country at the slightest alleged reason. Thus, foreign capital investments, in fact, have less to do with our national priorities and they create volatility in the economy.

Since the Second World War, the advanced economies have all become liberal democracies. Today's globalization is ultimately a consequence of that choice. Their governance has not been the same as nineteenth century laissez-faire. States are far more interventionist. But acceptance of the basic logic values of liberal democracy elections, property rights, liberal trade and, increasingly, liberal movement of capital has been common to all the advanced market economies. They have differed, however, on the role of the state in income redistribution, regulation of private transactions and provision of public services. All such differences within countries are negotiable, just as differences among them are manageable. Thus, it is evident that the move to economic liberalization and democratization since the early 1980s has been a political economic catastrophe.

Good markets need good governments. Unfortunately, good governments are not easy to find. Even in advanced liberal democracies, where governments work relatively well, political and bureaucratic processes are as flawed as markets, if not far more so. In general, it is a case of balancing defective markets against defective political processes. In developing countries, however, governments are generally still worse. Many governments are grossly incompetent, corrupt, or both. This is both a cause and consequences of poor policy performance. Decentralized, competitive corruption, including state capture by corrupt private interests, is particularly damaging. Improvements will not occur unless and until these constraints are at least partially lifted. One important way of doing so, it happily turns out, is



to open up economies to global competitive forces. Reforms in the governance of the advanced liberal democracies have been designed to make them more effective. An important element in those reforms has been the mirror image of the observation above that good markets need good governments. Good governance also needs good markets. More precisely, the more the government focuses on its essential tasks and the less it is engaged in economic activity and regulation, the better it is likely to work and the better the economy itself is likely to run. This is an important argument for privatization.

In the case of ordinary productive enterprises, nationalization tended to mean political interference and waste, but also a diversion of attention and effort by governments. In the case of utilities, privatization allowed the creation of a far more transparent and rule government regime than that in place beforehand. Again, this has important economic benefits. But it is also improves the quality of regulation. It is almost impossible to be both a producer and a regulator at the same time. The two activities are inherently different.

The economies today are so interlinked and economic life now has become so competitive and mutually dependent that the national markets almost have turned into a world market and economies have partially or fully willy nilly been globalised or are moving towards globalization. Globalization is a term that has recently come into use, along with liberalization and privatization covering all facts of life political, economic, social and cultural. Economic context it may be defined as the global dimension of the evolving world economy. Globalisation is an unavoidable process, which is taking place independent of us. It forces us to cope with it. There is no room in a globalised world for an economy de linked from world trade and foreign investment. The truth is that if we do not reform rapidly, and position ourselves to compete we will be marginalized. There is no

divine dispensation that gives India alone the power to survive and prosper as an isolationist island in a globalised world.

A start has to be made by reducing the opportunities for corruption. Critics of the market and of global economic integration seem to be entirely unaware that a control, regulation or restriction creates an opportunity for corruption. Wherever there is gap between the market value of some thing and an official price or the price government is prepared to allow, there is an incentive to cheat and to bribe. If the black market price of foreign currency is twice the official rate, people will bribe officials to let them sell on the back market. Similarly, if imports of certain much desired commodities are restricted or under a very high tariff, business people will bribe officials to let them take the commodities in or evade the tariff. Again, if one needs a large number of bureaucratic permissions to do something in business, the officials have an opportunity to demand bribes. But there is worse, once it is known that a government is prepared to create such exceptional opportunities, there will be lobbying to create them. Then there is not just the corruption of the government, but the waste of resources in such 'rent seeking' or directly unproductive profit seeking activities. Broadly defined, globalization is a long run process with powerful forces behind it. Economics, traditionally defined, is a vital component of a wider range of positive sum activities that compel ever wider exchanges and with those exchanges, construct bigger and more complex political institutions.

In a progressively more competitive world economy, the market friendly trends are visible spreading. Since 1991 India's New Economic Policy (NEP) itself has to be viewed as an imperative ingredient in a changing world polity and economy. The new economic policy aims at making the Indian economy competitive and much better integrated with the world economy. The main characteristics of a globalised economy are that state intervention is replaced to a large extent by market forces, nationalization yields places to privatization and restrictions are replaced by freedom of

choice and actions. The significant impact of globalization has two folds. Firstly, interdependence of countries, that is, countries become very much dependent on each other in a globalised set up due to inter linkages of markets, not merely in terms of goods, services, and capital but also in terms of policy interaction. That is in a globalised economy, countries while formulating and implementing their own policies will have to consider the likely impact of policies pursued in other countries. Secondly, in a globalised economy, competition would mean that producers, traders, investors from any country should be able to compete in any market, any sector and in any country.

In fact, consumers all over the Third World would probably derive some economic benefits from the free entry of consumer goods from the First World. But the national economies of the poor countries would fail to develop resulting in their economic, military and political dependency, probably in that order. Besides, several scholars have drawn the indisputable conclusion from empirical studies that cooperative game between rich and poor countries in international oligarchy this is a politically unacceptable.

To successfully contribute in the world economy we need build strategic agreements not just between trading blocks but also between corporation and not just between foreign partners and Indians but also between corporations and not just itself. Therefore, while opening up our economy to the world the Government must clearly lay down the terms and conditions and the sectors in which foreign capital and technology would be welcomed and in what way, what method and procedures they would have to accept and what factors they must have to keep in their mind. More particularly the government policy must assume a new dimension now to ensure a comprehensive and effective appraisal of technological needs and priorities in India's key growth centers and to strengthen and promote investment and technology. Thus, we have to put our own house in order as otherwise in the name of globalization and global competition import of

foreign technology is sure to pave the way for colonial exploitation in a new grab.

The proposition that globalization makes state unnecessary is even less credible than that it makes states impotent. If any thing, exact opposite is true, for at least three reasons. First, the ability of a society to take advantage of the opportunities offered by international economic integration depends on the quality of public goods, such as protection of property rights, personal security, a non corrupt civil service and education. Without the legal arrangements, in particularly, the potential web of rewarding contracts is vastly reduced. This may seem a trivial point, but a very large proportion of the world's economies have failed to achieve these essential preconditions of success. Second, the state normally defines the identity of human beings. A sense of belonging is a part of people's sense of security. It is perhaps not surprising that some of the most successfully internationally integrated economies are small, homogeneous countries with a strong sense of collective identity. Third, all forms of international governance rest on the ability of individual states to provide and guarantee order. The WTO, for example, is not body of self executing rules. On the contrary, they can be exercised only by sovereign states. The bed rock of international order is the territorial state, with a monopoly of coercive power within its jurisdiction. Cyberspace does not fundamentally change this, since economies are ultimately concerned with and run for human beings, who have physical presence and, in consequence, physical location. Since states are territorial jurisdiction, they are the bed rock of global order.

The implication is that, just as globalization does not make states impotent, it does not make them unnecessary either. On the contrary, for people to be successfully in exploiting the opportunities afforded by international integration, they need states, at both ends of their transactions. This is why failed states, disorderly states, weak states and corrupt states are shunned state they are black holes of the global economic system.

Therefore, it is necessary for India and other Third World countries to formulate a strategy of resistance against the hegemonic policies and practices camouflaged as globalization and to espouse precise strategy for each issue consistent with this strategy. India and other LDCs should insist on fundamental question of the free international movement of labour. For there is no valid reason why the globalization of free trade should include free international movement of capital and commodities, but not of labour.

In the changed economic environment and deregulation measures, business and government will be working together for projecting India as the nation having capabilities for producing goods at competitive prices. The marketing aspects of a product which has received little attention so far should be accorded more importance in future. There is a need for making the domestic industry contestable. Competition after a long period of control would pose difficulties for the Indian Industry, but the problem could be overcome in due course. The government should pick up the best businessmen and help them to become internationally competitive. Indian management is slow to respond to changes in the world market. Global integration demands enlightened transportation, power and telecommunications policies. A competitive market structure with domestic and foreign competition is the route to globalization. We need to be competitive on all front i.e. prices quality and tight delivery as per schedule. The key to globalization is not how much ground is covered but how well it is covered. Strategic alliances among Indian partners could be a way to secure global orders. We need to take advantage of the market expansion in Asia, EEC, South Africa and Caribbean countries. Industry should sell by applying through consortiums and deliver the goods it promises to deliver. A search for consumer markets outside the country is essential. Globalization of the Indian economy is a step in the right direction. We should utilize the recessionary situation abroad to establish business links. The free flow of

foreign goods is desirable in order to make domestic industry globally competitive.

The neo-liberal thought found favour with donor agencies such as the World Bank and the IMF that were engaged in funding development projects of debt ridden Third World countries. The convergence of thoughts in regard to change reached its zenith in the newly emergent phenomenon of globalization, facilitated by the free flow of funds, goods, and services as dictated by the new conditionalities laid down by the World Bank, WTO and other overseas donors, and by the new IT revolution (Internet, fax, and web – based communication). This is also the moment of mergence of 'good governance' as a novel conceptual rubric a mixture of politics, management, and ethics, Sound development management was at the core of the good governance idea. Its desired attributes such as accountability, transparency, rule of law, and respect of human rights served as yardsticks for governmental reform and performance appraisal.

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